S. HRG. 100-626

SOUTH DAKOTA WATER RESOURCE DEVELOPMENT PROJECTS

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 1416

TO AUTHORIZE THE LYMAN-JONES, WEST RIVER, AND OGLALA SIOUX RURAL WATER DEVELOPMENT PROJECTS

S. 1431

TO AUTHORIZE THE SECRETARY OF THE INTERIOR TO CONSTRUCT, OPERATE, AND MAINTAIN THE LAKE ANDES-WAGNER UNIT AND THE MARTY II UNIT, SOUTH DAKOTA PUMPING DIVISION, PICK-SLOAN MISSOURI BASIN PROGRAM, SOUTH DAKOTA

DECEMBER 15, 1987

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CONTENTS

	Page
S. 1416	3
S. 1431	11

STATEMENTS

American Horse, Joe, president, Oglala Sioux Tribe, Pine Ridge, SD	81
Archambeau, Louis, councilman, Yankton Sioux Tribe, Lake Andes, SD	133
Bailey, William C., Deputy Administrator, Program Planning and Development, Agricultural Stabilization and Conservation Service, Department of Agriculture	58
Bradley, Hon. Bill, U.S. Senator from New Jersey	1
Cambell, David C., resources economist, National Wildlife Federation	162
Cerny, Patricia L., chairman, Southern Missouri Water Development District, Burke, SD	150
Cournoyer, Stephen N., chairman, Yankton Sioux Tribe, Marty, SD	99
Daschle, Hon. Thomas A., U.S. Senator from South Dakota	16
Duvall, Hon. C. Dale, Commissioner, Bureau of Reclamation, Department of the Interior	48
Eitemiller, Charles, vice chairman, Lake Andes-Wagner Irrigation District, Armour, SD	140
Goldhammer, Marc, manager, Lake Andes-Wagner Water Systems, Inc., Wagner, SD	104
Hieb, Joe, director, Lyman-Jones Water System	66
Holzbauer, Leo, chairman, Lake Andes-Wagner Water Systems, Inc., Wagner, SD	93
Hustead, Bill, chairman, Wall City Council, Wall, SD	77
Johnson, Hon. Tim, U.S. Representative from South Dakota	23
Laberee, Lyle, manager, Southern Missouri Water Development District, Armour, SD	154
Mickelson, Hon. George S., Governor, State of South Dakota	29
Pressler, Hon. Larry, U.S. Senator from South Dakota	24
Renning, George, chairman, West River Rural Water System, Kadoka, SD	74
Uecker, John, director, Lake Andes-Wagner Irrigation District, Wagner, SD	146
Vitalis, Wade, Department of Natural Resources, Oglala Sioux Tribe, Pine Ridge, SD	89
Wiechemann, Mark, director, Lake Andes-Wagner Water Systems, Inc., Armour, SD	143

ADDITIONAL MATERIAL

Engelmeyer, J.C., chairman, Planning and Development District III Committee, statement	178
Pearson, Karen, executive director, South Dakota Water Congress, letter to Senator Bradley dated December 4, 1987	181

SOUTH DAKOTA WATER RESOURCE DEVELOPMENT PROJECTS

TUESDAY, DECEMBER 15, 1987

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room SD–366, Dirksen Senate Office Building, Hon. Bill Bradley presiding.

OPENING STATEMENT OF HON. BILL BRADLEY, U.S. SENATOR FROM NEW JERSEY

Senator BRADLEY. The subcommittee will come to order. The hearing this afternoon before the Subcommittee on Water and Power of the Committee of Energy and Natural Resources is to take testimony on two bills relating to water resource development in South Dakota.

The first bill, S. 1416, is sponsored by Senator Daschle and Senator Pressler, and would authorize the Lyman-Jones, West River, and Oglala Sioux rural water supply systems.

The second bill, S. 1431, also sponsored by Senator Daschle and Senator Pressler, would authorize the Lake Andes-Wagner and Marty II units of the Pick-Sloan Missouri Basin program.

I would like to welcome all of you, particularly those of you from South Dakota, to the subcommittee. I guess we should declare this to be South Dakota day in the United States Congress.

As I understand, you started the day out testifying this morning before the House Committee on Interior and Insular Affairs regarding companion legislation to one of the bills that is before us today.

So you should all be old hands at this by this time. Or at least you will be by the end of today. As all of you know, similar bills were introduced in the 99th Congress and hearings were held before this subcommittee.

In looking over the history of these two bills, I cannot help but remark on the efforts that the local sponsors and the State of South Dakota have made in trying to accommodate current needs.

I would also commend the obvious effort on the part of the supporters of the Lake Andes-Wagner project to come up with increased levels of non-Federal cost sharing and to address past criticisms of the project relating to the production of surplus crops.

So all of those issues are tough ones to face, and I applaud you for making those modifications. The hearing record will remain open for two weeks to allow submission of additional materials.

Copies of the two bills and pertinent legislative reports will be placed in the record at the conclusion of my remarks.

We have a list of very distinguished elected officials who represent South Dakota. And rather than have you all appear one at a time, I thought that, if it is all right with you, we could have Senator Daschle and Congressman Johnson and Governor Mickelson and Senator Pressler, when he comes, appear on a panel together.

So if we could proceed in that order, I think that would be very helpful. So why do we not begin with Senator Daschle. Feel free to make any comments that you would choose to make about either of the two bills.

We welcome all of your testimonies and your presence here today. The Committee is anxious to hear from you. We also have a rather long list of other witnesses and panels, which I hope we will have a chance to get through in a timely manner.

So if you could limit your initial comments to, say, under 10 minutes, I would appreciate that very much.

[The texts of S. 1416 and S. 1431 follow:]

II

100TH CONGRESS
1ST SESSION

S. 1416

To authorize the Lyman-Jones, West River, and Oglala Sioux Rural Water Development Projects.

IN THE SENATE OF THE UNITED STATES

JUNE 24 (legislative day, JUNE 23), 1987

Mr. DASCHLE (for himself and Mr. PRESSLER) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

---

A BILL

To authorize the Lyman-Jones, West River, and Oglala Sioux Rural Water Development Projects.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSE AND AUTHORIZATION.

(a) The Congress declares that the purposes of this Act are to—

(1) meet the domestic and livestock water needs of residents of Haakon, Jackson, Jones, Lyman, Mellette, Pennington, and Stanley Counties, South Dakota; and

(2) meet the domestic and livestock water needs of the Pine Ridge Indian Reservation.

(b) The Secretary of the Interior (hereinafter referred to as "the Secretary") is authorized to direct planning and construction of a municipal, rural and industrial water treatment and distribution system in Haakon, Jackson, Jones, Lyman, Mellette, Pennington, and Stanley Counties, South Dakota, as described by the engineering reports for the West River Rural Water System and the Lyman-Jones Rural Water System; and to provide funds for such planning and construction.

(c) The Secretary is authorized to direct planning and construction of a municipal, rural and industrial water treatment and distribution system for the Oglala Sioux Tribe to meet the economic, public health and environmental needs of the Pine Ridge Indian Reservation, hereinafter referred to as the Oglala Sioux Rural Water System, including such off-Reservation facilities as are necessary to assure adequate water supply for the Reservation.

(d) Nothing in this Act is intended, nor shall be construed, to preclude the State of South Dakota or the Oglala Sioux Tribe from seeking congressional authorization to plan, design and construct additional federally-assisted water resource development projects in the future.

(e) Nothing in this act shall—

(1) impair the validity of or preempt any provision of State water law, or of any interstate compact governing water;

(2) alter the rights of any State to any appropriated share of the waters of any body of surface or ground water, whether determined by past or future interstate compacts, or by past or future legislative or final judicial allocations;

(3) preempt or modify any State or Federal law or interstate compact dealing with water quality or disposal;

(4) confer upon any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resources; or

(5) affect any water rights of any Indian or Indian tribe which were established by the setting aside of a reservation by treaty, executive order, agreement or Act of Congress. Nothing in this Act is intended, nor shall be considered, to diminish or affect the quantity or quality of water from the Missouri River basin or elsewhere which is owned or claimed by the Oglala Sioux Tribe under aboriginal title, recognized title or under the Winter's doctrine.

SEC. 2. SPECIFIC FEATURES.

(a) The service area of the West River Rural Water System and the Lyman-Jones Rural Water System shall be generally as described by the engineering studies for the respective projects, except that the Secretary may approve adjustments to the service area boundaries, within the counties named in section 1, so as to maximize the project benefits.

(b) The service area of the Oglala Sioux Rural Water System shall be the boundaries of the Pine Ridge Indian Reservation and any area near or adjacent thereto which the Secretary may approve to maximize the project benefits. Notwithstanding the service area boundary, the facilities provided for the Oglala Sioux Rural Water System may include capital contributions toward water supply and transmission facilities of the Lyman-Jones or West River Rural Water Systems by the Oglala Sioux Rural Water System shall be recognized in setting water rates charged to the Oglala Sioux Rural Water System, in accordance with such rules and regulations as the Secretary may prescribe.

(c) Facilities authorized under this Act for rural water systems shall include water intake, pumping, treatment, storage and pipeline facilities, appurtenant buildings and access roads, necessary property and property rights, electrical power transmission and distribution facilities necessary for service to water system facilities, planning and design services for all facilities, and other facilities and services custom-

ary to the development of rural water distribution systems in South Dakota.

(d) In addition to the features described in section 2(c), the Oglala Sioux Rural Water System shall include such other facilities as are necessary to meet the domestic, municipal, livestock and industrial water needs of the Pine Ridge Indian Reservation; including but not limited to purchase, improvement or repair of water storage tanks, water lines and other facilities for the Oglala Sioux Tribe and reservation villages, towns and municipalities. The Oglala Sioux Rural Water System shall also include connection fees of Oglala Sioux tribal members as may be assessed by the Oglala Sioux Rural Water System, and purchase, improvement or repair of existing water systems of individual tribal members located on the Pine Ridge Indian Reservation. The Secretary shall provide technical assistance as may be necessary to the Oglala Sioux Tribe to plan, develop, construct and operate the system including operation and management training.

(e) The Secretary may, when benefits will not be decreased and costs will be reduced by such action, authorize with the consent of the Rural Water System or Systems affected, changes in project plans, including changes of water sources: *Provided*, That no such change shall result in delivery of water to any project beneficiary which is substandard

to the quality of water provided from Lake Oahe in South Dakota.

SEC. 3. POWER.

(a) Section 5 of the Act of September 30, 1982 (96 Stat. 1182), is hereby made applicable to the Pine Ridge Indian Reservation, and the Oglala Sioux Tribe shall, in addition to the purposes contained in section 5 of that Act, be eligible to obtain pumping power for facilities constructed with funds authorized by section 4(b) of this Act.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) There is authorized to be appropriated $65,000,000 for carrying out the provisions of section 1(b) of this Act. Such sums shall remain available until expended.

(b) There is authorized to be appropriated $35,000,000 for carrying out the provisions of section 1(c) of this Act. Such sums shall remain available until expended.

(c) The authorization amounts of sections 4(a) and 4(b) of this Act shall be adjusted plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in development costs incurred after January 1, 1987, as indicated by the engineering cost indices applicable to the types of construction involved.

SEC. 5. ADMINISTRATION.

(a) The Secretary shall use funds authorized under section 4(a) of this act to provide financial assistance to plan,

develop and construct the Lyman-Jones and West River Rural Water Systems. Administration of funds authorized shall be under the terms and conditions of Public Law 97-273 section 2(c), the WEB Rural Water Development Act and the rules and regulations promulgated under that Act, except to the extent such Act or rules or regulations are inconsistent with the provisions of this section. Funds appropriated under section 4(a) of this Act shall be made available in a combination of grants and loans that will provide grants for not less than 75 per centum of eligible development costs; and such loans as may be necessary to complete the Lyman-Jones and West River Rural Water Development Projects.

(b) The Secretary shall use funds appropriated under section 4(b) of this Act to provide financial assistance to plan, develop and construct the Oglala Sioux Rural Water System on the Pine Ridge Indian Reservation. The design and construction of the Oglala Sioux Rural Water System shall be subject to the provisions of Public Law 93-638 (25 U.S.C. 450 et seq.). All funds provided under section 4(b) shall be grants. The Oglala Sioux Rural Water System, including electrical power facilities, shall be owned and operated by the Oglala Sioux Tribe: *Provided however*, That the Oglala Sioux Tribe shall not sell, mortgage or otherwise encumber the system without the approval of the Oglala Sioux tribal mem-

bership in a referendum election conducted by the Secretary of the Interior.

(c) All agreements between the Oglala Sioux Tribe and any governmental or private entity executed pursuant to or in fulfillment of this act shall be subject to the approval of the Secretary of the Interior pursuant to section 81 of title 25, United States Code.

II

100TH CONGRESS
1ST SESSION

S. 1431

To authorize the Secretary of the Interior to construct, operate, and maintain the Lake Andes-Wagner Unit and the Marty II Unit, South Dakota Pumping Division, Pick-Sloan Missouri Basin Program, South Dakota.

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 23), 1987

Mr. DASCHLE (for himself and Mr. PRESSLER) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

---

A BILL

To authorize the Secretary of the Interior to construct, operate, and maintain the Lake Andes-Wagner Unit and the Marty II Unit, South Dakota Pumping Division, Pick-Sloan Missouri Basin Program, South Dakota.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION.

(a) In partial recognition of the inundation of lands in South Dakota, including lands in the Yankton Sioux Indian reservation, by mainstem Missouri River reservoirs constructed and operated by the United States under the comprehensive plans approved and authorized by section 9 of the

Flood Control Act of December 22, 1944 (58 Stat. 887, 891) (hereafter in this Act referred to as the "Pick-Sloan Missouri Basin Program") the Secretary of the Interior (hereafter in this Act referred to as the "Secretary") is authorized to construct, operate, and maintain the Lake Andes-Wagner Unit and the Marty II Unit, South Dakota, as Units of the South Dakota Pumping Division, Pick-Sloan Missouri Basin Program.

(b) The Lake Andes-Wagner Unit shall be constructed, operated, and maintained to serve approximately 45,000 acres substantially as provided in the Lake Andes-Wagner Unit Planning Report and Final Environmental Impact Statement filed September 17, 1985.

(c)(1) The Marty II Unit shall include a river pump, irrigation distribution system, booster pumps, irrigation sprinkler systems, farm and project drains, electrical distribution facilities, and the pressurization to serve approximately 3,000 acres of Indian-owned land in the Yankton Sioux Indian Reservation.

(2) Construction of the Marty II Unit shall not begin until—

(A) certification of the irrigability of the lands by the Secretary; and

(B) the completion of an environmental impact statement and mitigation plan for any adverse effects which may be caused by the Marty II Unit.

SEC. 2. CONDITIONS AND RESTRICTIONS.

(a) The Lake Andes-Wagner Unit and the Marty II Unit shall be integrated physically and financially with other Federal works constructed under the Pick-Sloan Missouri Basin Program.

(b) The Lake Andes-Wanger Unit shall include on-farm pumps, irrigation sprinkler systems, and other on-farm facilities necessary for the irrigation of approximately 1,700 acres of Indian-owned lands. The use of electric power and energy required to operate the facilities for the irrigation of such Indian-owned lands and to provide pressurization for such Indian-owned lands shall be considered to be a project use.

(c) The construction costs for the Lake Andes-Wagner Unit and the Marty II Unit allocated to irrigation (both those assigned for return by the water users and those assigned for return from power revenues of the Pick-Sloan Missouri Basin Program) shall be repayed for each unit no later than 40 years following the development period, except that repayment of such costs allocated to irrigation of Indian-owned lands shall be governed by the Act of July 1, 1932 (47 Stat. 564 Chapter 369; 25 U.S.C. 386a).

(d) Indian-owned lands, or interests therein, required for the Lake Andes-Wagner or Marty II Units may, as an alternative to their acquisition under authority available to the Secretary under existing law, be acquired by exchange for lands or interests therein of equal or greater value which are owned by the United States and administered by the Secretary.

(e) For purposes of the participation of lands in the Lake Andes-Wagner and Marty II Units in programs covered by title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.), and in any successor programs established for crop years subsequent to 1990, the 5-crop years on the basis of which the crop acreage base is determined under section 504 of such Act (7 U.S.C. 1464), and on the basis of which the program payment yield is determined under section 506 of such Act (7 U.S.C. 1466), shall be the 5-crop years preceding the crop year in which the development period for each Unit is initiated.

SEC. 3. FEDERAL RECLAMATION LAWS GOVERN.

This Act is a supplement to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof and supplemental thereto). The Federal reclamation laws shall govern the construction, operation, and maintenance of the works authorized by this Act, except as otherwise provided in this Act.

SEC. 4. AUTHORIZATION.

(a) There are authorized to be appropriated—

(1) $150,000,000 (October 1984 price levels) for construction of the Lake Andes-Wagner Unit (other than the facilities described in section 2(b)); and

(2) $1,200,000 (October 1984 price levels) for construction of the facilities described in section 2(b), which amounts include costs of the Lake Andes-Wagner Irrigation district in administering design and construction of the irrigation distribution and drainage systems.

(b) There are authorized to be appropriated $15,000,000 (October 1984 price levels) for construction by the Bureau of Reclamation in consultation with the Bureau of Indian Affairs of the Marty II Unit.

(c) The amounts authorized to be appropriated by subsections (a) and (b) shall be plus or minus such amounts, if any, as may be required by engineering cost indexes applicable to such construction.

(d) There are authorized to be appropriated such sums as may be necessary for the operation and maintenance of each Unit.

STATEMENT OF HON. THOMAS A. DASCHLE, U.S. SENATOR FROM SOUTH DAKOTA

Senator DASCHLE. Mr. Chairman, we want to thank you for taking what we know is a very busy part of your day and dedicating it to these two water projects.

People have traveled more than 1,500 miles to come to talk to you, and they are talking to you about two issues for which there is almost virtual unanimity. Water development in South Dakota has always been contentious.

But on these two projects, as you can tell from the panel before you right now, on a bipartisan basis and at least on the elective level, on a unanimous basis, we as a delegation of elected officials could not feel stronger about two projects. And I think for good reason.

It may be arguable, but I think it could be safely said that in the Lyman-Jones area of South Dakota, there is no one who faces greater health hazards than those people who reside there right now.

I have constructed a chart that I think very clearly shows the incredible difficulties that our people living in this area are currently facing with regard to a number of these safe and unsafe levels.

Now, this chart really does not depict reality. If it did, it would have to be 13 times its length. But in the amount of sodium taken by my people in this area, where the blue represents the safe levels, these people are taking 93 times the sodium level, almost five times the sulfates level, six times the iron level, 3.7 times the total dissolved solids, twice the radium, and 65 times the manganese.

To put it more graphically, Mr. Chairman, the average citizen in South Dakota in this area consumes this much rock on an annual basis. There are some parts in the Lyman-Jones area that consume seven pounds of rock on an annual basis.

This, by the way, weighs two pounds. Now obviously they do not keep it all or they would never make it through a metal detector. And I would not want to get on a scale.

But the fact is that if you can imagine a per capita consumption on an annual basis weighing seven pounds, you can more appropriately appreciate the devastating consequences it is having on health.

And it is really from a health point of view that we come to you this afternoon in our advocacy of Lyman-Jones. There is no question that the peril to one's health in taking those amounts of sodium and manganese and radon, all of the different chemicals, has imperiled the lives and the good health of all of these people.

Now, some might say that is a local problem, and it ought to be solved on the local level. But I think it is a national issue. The National Safe Water Drinking Act was passed in order to allow everybody access to good quality water.

And from that point of view, this ought to be a national issue. If somebody is consuming seven pounds of rock a year, that is not a local issue, it is a concern for us in Washington and in California and in Texas and everywhere else. So I feel very strongly that the

Lyman-Jones project urgently needs our support and our favorable consideration.

The Lake Andes water project is a new breed of Bureau of Reclamation project. As you said so very well, they have become very sensitive to the changing climate here in Washington.

They are not the kind of elaborate sophisticated irrigation projects that we knew in the 1950s and 1960s. They are a riverside irrigation project. They are not an irrigation system with big corporate entities like we see in some parts of the country.

The beneficiaries of this project are going to be Indian and non-Indian people alike, small farmers interested in economic vitality. They are not 100 percent financed projects, like so many that have come before, 30 percent is going to be cost-shared by people in our state.

And I might say that as a result of the tremendous willingness to participate in a cost-share program, we are actually coming to the Senate this year to lower the authorization amount.

I do not know if that has ever been done before. So we are lowering the authorization amount. We are cost-sharing and we are providing a project that in my view makes a lot of sense.

Senator BRADLEY. I think that might be a first and it might be a dangerous precedent.

Senator DASCHLE. I think there is good cause for enthusiasm, good cause for very favorable consideration of these projects. And we certainly urge your consideration, as you consider these among the myriad of things that this subcommittee will be taking on.

To my left is someone who needs no introduction to you, but a good friend and our Governor, Governor George Mickelson.

[The prepared statement of Senator Daschle follows:]

Testimony of

SENATOR THOMAS DASCHLE
South Dakota

Before the

Committee on Energy and Natural Resources
Subcommittee on Water and Power
United States Senate
December 15, 1987

Mr. Chairman, on behalf of all of the South Dakota witnesses, I want to thank you for scheduling this hearing during this hectic stage of the legislative year. We realize that this is a very busy time for you and other members of the Subcommittee and we are grateful that you are taking time to review the West River Rural Water Pipeline (S. 1416) and the Lake Andes-Wagner/Marty II Irrigation (S. 1431) projects.

I am very proud of the two projects we present to you today. These projects are particularly significant for the State of South Dakota in that they are our first projects ever to be presented to Congress as cooperative efforts between sovereign tribal governments and state and local governments. I was pleased to play a role in that merging of interests and feel the quality of the product we present to you today is a credit to both the Indian and non-Indian leaders of our state.

The fact that this hearing record will contain supportive statements from the entire bipartisan congressional delegation, the Governor, two tribal leaders and their councils, water leaders, environmentalists, and public power interests, is also very significant for our state. We recognize that the fact that we have not secured the water development promised us in the Flood Control Act of 1944 is partially due to dissension within our own state over the type of water development we wanted to pursue. None of that dissension is present today. We now hope that Congress' institutional memory is long enough to remember that South Dakota WAS promised water development in exchange for the extraordinary sacrifice we made when 520,000 acres of our land were flooded to deliver billions of dollars worth of flood control, cheap hydroelectricity, and navigational improvements for downstream states.

The first bill to be considered today is S. 1416, legislation I have introduced to authorize the West River Rural Water Pipeline. Mr. Chairman, perhaps there is no other place in America in greater need of a plentiful source of safe drinking water than the western region of South Dakota, and the authorization of this project is the only hope my constituents have of receiving safe water.

In this starkly beautiful area of vast arid prairie grasslands, which includes the Pine Ridge Indian Reservation and seven other sparsely populated counties, groundwater is the only source of drinking water. That groundwater, however, cannot begin to meet federal safe drinking water standards.

For instance, some areas contain levels of radium 226-228 that is twice the amount the federal government deems safe. Sodium exceeds federal safe drinking standards by more than 93 times in some portions of the project. In all, the water contains levels of eight dangerous, naturally-occurring substances that far exceed the maximum safe levels set by the Environmental Protection Agency (EPA).

In some areas of the project, an average three-person family will pump more than a ton (2,160 pounds) of dissolved solids through their home plumbing system every year, and each individual will ingest the equivalent of a 7.2 pound rock in dissolved solids into their digestive

tract. The effect on both home plumbing and personal health is deleterious beyond imagination.

The public health implications of failure to provide a safe water supply are serious indeed. My constituents face constant threats of hypertension and associated heart problems from high levels of sodium, dysentary from bacterial contamination, serious digestive disorders from the high content of iron and dissolved solids, and leukemia and other cancers from the presence of radium 226-228.

Fortunately, there is a feasible alternative to the continued use of unsafe groundwater. South Dakota has already shown in the case of the highly successful WEB project that we can efficiently pipe treated Missouri River water into the interior of South Dakota for domestic use. The advent of clean water to the WEB project area has been nearly as significant a development as the coming of rural electricity was several decades ago. WEB has dramatically changed lives, and it may very well save lives. Without a doubt, the success of WEB can be duplicated in the western part of South Dakota.

Admittedly, the pipeline solution, indeed the only solution to the water quality problem in western South Dakota, is not cheap when compared to the construction of domestic water supply systems in more densely populated areas. But compared to the enormous cost of 1) trucking water hundreds of miles; 2) drilling $180 000 wells that yield a pitiful eighteen gallons per minute and become obsolete in a matter of months; 3) regularly losing whole cattle herds during frequent periods of drought; and 4) incurring the incalcuable economic and human cost of public health problems associated with consumption of unsafe groundwater, this project must be considered the only cost-effective solution for western South Dakota.

The people in the West River project area are not asking for cut-rate water -- far from it. While the average rural household using 8,000 to 10,000 gallons of water per month on a FmHA-financed rural water system in my state pays about $42.00 to $45.00 per month and we pay in the neighborhood of $12.00 to $17.00 per month in the District of Columbia, my constituents are asking for the privilege of paying an average of $55.00 to $61.00 per month for safe water. The benefits of sparing their families from the dangers of consuming untreated groundwater is well worth it to them. They clearly cannot, however, afford to pay any more.

Finally, I would like to say a few words about the nation's interest in the authorization of this project. In discussions with my urban friends in the Senate, I have been asked, "What is the national interest in pumping water to a bunch of cowboys and Indians in the hinterlands of your state?" Mr. Chairman, it is wrong to classify this project as a "pork-barrel project" with strict provincial appeal. I strongly believe that it IS in the entire country's interest that every American have safe water for their children to drink -- be they in Orange County, California, or Shannon County, South Dakota, the poorest county in the nation.

That national priority is formally and forcefully proclaimed in the Safe Drinking Water Act of 1974 (P.L. 93-523, P.L. 99-339). P.L. 93-523 is, of course, the law intended to ensure that water supplied to American families is safe to drink. When we reauthorized this

legislation in 1986 by a vote of 94-0, the message we sent to the American people was that the nation has a strong interest in ensuring that ALL Americans have safe water flowing into their homes, not just those fortunate enough to be living in areas where the delivery of safe water comes easily.

In western South Dakota, the national goals set in the Safe Drinking Water Act are much more difficult to achieve than in other parts of America, but they can be achieved with the approval of this project. We cannot write off an entire region as a lost cause simply because they cannot achieve Congress' statutory standards without federal assistance. Without a doubt, there is a strong national interest in the construction of the West River Rural Water Pipeline.

The second project for the Subcommittee's consideration is the Lake Andes-Wagner/Marty II Irrigation project (S. 1431). This project is a joint effort of the Lake Andes-Wagner Irrigation District and the Yankton Sioux Tribe.

The proposed project area sits in the shadow of the Ft. Randall and Gavins Point Dams, federal projects that have been of enormous benefit to our country. I know the Subcommittee is aware that the members of the Yankton Sioux Tribe and the citizens of Charles Mix Country saw thousands of acres of their families' land permanently flooded with the construction of those federal projects. Today, they ask that the federal government approve a very reasonable project to repay a small portion of the water development promised them in the Flood Control Act of 1944.

Lake Andes-Wagner/Marty II should not be considered "just another Bureau of Reclamation project" identical to all other Bureau projects that proceeded it. Without making any value judgments about previous projects, I do want the Subcommittee to realize that the Lake Andes-Wagner/Marty II project is unique unto itself and has actively sought to avoid the problems for which other Bureau projects have been criticized in recent years.

First, unlike some past Bureau irrigation projects that pumped water hundreds of miles to farms, often from limited groundwater sources, the Lake Andes-Wagner/Marty II project is a small-scale project located directly adjacent to its bountiful water supply -- the Missouri River. It is, therefore, cost-efficient by any reasonable standards.

While some Bureau projects have been criticized for their insensitivity to the environment, Lake Andes-Wagner/Marty II sponsors have always worked hard to address environmental concerns. The result of their sensitivity and diligence is a model plan with thousands of acres set aside to compensate for loss of wildlife habitat and a 50-acre fish impoundment pond to supplement the number of sport fish in the Missouri River.

While a few Bureau projects have been criticized for having created federally subsidized millionaires on huge corporate farms, this project will serve an area dominated by struggling small family farmers and ranchers and an Indian tribe whose unemployment rate -- at 85% -- is a national disgrace. I can assure the members of the Subcommittee that we won't be creating any millionaires with the construction of this

project, but we do hope to bring some families above the poverty level for the first time in generations.

The project is also unique in that the cost of the project will be shared in large part by the sponsoring state government. In a landmark announcement last week, the State of South Dakota has obligated itself to pay for approximately 29% ($45.9 million dollars) of the project cost -- an extremely generous offer for an agricultural state suffering great fiscal stress. Thus, for probably one of the few times in the history of this Subcommittee, I would like to ask the Subcommittee to LOWER the appropriation ceiling of S. 1431 to adjust for our new cost-sharing proposal. This historic request clearly establishes Lake Andes-Wagner/Marty II as a unique federal project!

I recognize that the Subcommittee will have questions about the "surplus crop" provision of this bill, the non-federal cost-sharing amendment I offered to the bill on behalf of the state last week, and other salient issues. The project sponsors and the State of South Dakota are anxious to meet with the Subcommittee to work out mutually agreeable solutions to these issues as soon as possible. To deny that differences exist would be counterproductive for all parties involved. I firmly believe that we can address the Subcommittee's concerns and clear the way for the passage of S. 1431 next year.

The project sponsors have spent approximately $1.7 million of their own hard-earned money to bring this project to the point it is today, and they continue to spend more every day the issue goes unresolved. They deserve to know where they stand with Congress and the Administration. If the federal government cannot support this project, I frankly doubt that there is ANY new agricultural water project in America today that it can support. Whatever the Subcommittee does decide, in fairness to the fine people in Charles Mix County, I urge the Committee to bring this issue to a resolution this Congress.

Mr. Chairman and members of the Subcommittee, thank you again for your consideration of S. 1416 and S. 1431 and for allowing us the opportunity to address your Subcommittee today. We look forward to working closely with you on these important issues.

Senator BRADLEY. Welcome to our subcommittee. Would you prefer to speak, or would you like Congressman Johnson to speak first.

Governor MICKELSON. Congressman Johnson may have to leave. I heard the buzzer.

STATEMENT OF HON. TIM JOHNSON, U.S. REPRESENTATIVE FROM SOUTH DAKOTA

Mr. JOHNSON. If I might, Mr. Chairman, I have a vote pending. And I do want to tell you how much I appreciate this opportunity to visit some with you very briefly.

We have the experts, the people who are living with these projects, here to testify at greater length. This is a busy time in your schedule and I appreciate that time afforded to us today to discuss two of the highest priority projects we have in the State of South Dakota.

They are high priority for the people in the project area, for the Governor, for our bipartisan delegation, and I hope for you as well. I would like to associate myself with the remarks of the two Senators and with the Governor.

As Senator Daschle noted, the water quality in the Lyman-Jones, West River, Oglala Sioux project area exceeds the Federally-recommended standards for the Safe Drinking Water Act, often by levels that are hard to believe.

The people in western South Dakota drink water that contains enormously high levels of sodium, calcium, chlorides, sulfates, iron, manganese, fluoride, radium, and dissolved solids.

Mr. Chairman, this sounds more like a leak from a toxic waste dump than drinking water. But by drinking water of this abysmal quality, we are abusing the health of the people of western South Dakota and limiting their opportunities for economic development and expansion.

I would also like to applaud the Governor for his efforts in supporting the Lake Andes-Wagner/Marty II projects. The benefits of these projects are evident after four Congressional hearings, and the State of South Dakota has shown its willingness to ante up.

I wish all governors could offer deals like this on every Federal project. It would certainly make all of our jobs easier.

So once again I want to thank you, Mr. Chairman, for calling these hearings. I commend the people who have worked so long and so hard to put these projects together. And especially for showing that all people in South Dakota can work together for the same goal, and that is bettering the quality of life for all South Dakotans.

I offer my unqualified support for these projects. I think their time has come. And I urge you to consider the unique qualifications of both of these projects. Thank you, Mr. Chairman.

Senator BRADLEY. Thank you very much, Congressman. You may feel free to leave at any time. I do not want you to miss the vote.

Senator Pressler, we started with Senator Daschle and then Congressman Johnson, and the Governor said he thought that he would yield to the Federal officials so that we could get on with our work of the day.

STATEMENT OF HON. LARRY PRESSLER, U.S. SENATOR FROM SOUTH DAKOTA

Senator PRESSLER. May I submit my written statement for the record?

Senator BRADLEY. Your statement will be in the record in full.

Senator PRESSLER. Let me thank you very much for holding this hearing and for your interest in our state.

I am very proud of the people who are here from South Dakota. They can tell the story better than I can. I am very proud to work with Senator Daschle and Congressman Johnson and Governor Mickelson.

Let me say that I classify this as a public health problem of Indians and non-Indians. There is a severe health problem in western South Dakota caused by the water. This seems to be an almost unbelievable situation, but the well water causes people to get sick.

Tourists who pass through that area get sick if they drink the local water. So most gas stations have bottled water for people to drink, rather than local water. Some towns have to haul water.

And it is because of natural substances that have gotten into the water, and I think in addition to being a water project this is a health project. It also is of great importance to our Indian people, where the health problems are even greater.

We are just building some new hospitals and some other facilities throughout that part of the state. But when the natural water causes people to get sick, we have a very severe problem.

So I have argued for this project for a number of years. First several years ago at a listening meeting we drew it out in longhand, Mr. Wooster and I, a plan for this. But others have worked on it a great deal.

We tried to get it under FMHA. We tried to get it under some other type of funding. We struggled with different plans, and finally we find ourselves here. So, I am proud to be a co-sponsor of this legislation, and want to help out in any way I can.

[The prepared statement of Senator Pressler follows:]

STATEMENT OF SENATOR LARRY PRESSLER
before the
Subcommittee on Water and Power
Committee on Energy and Natural Resources
United States Senate
December 15, 1987

MR. PRESSLER. Mr. Chairman, as a cosponsor of S. 1416, authorizing the Lyman-Jones/West River/Oglala Sioux rural water project and S. 1431, authorizing the Lake Andes/Wagner and Marty II Irrigation Projects, I want to thank the committee for scheduling these important hearings. I also want to thank you for giving me and other South Dakotans an opportunity to express our support for these projects.

As you are well aware, water development in South Dakota has a long history. In the 1940s, South Dakota agreed to sacrifice over 500,000 acres of farmland for the construction of four mainstem dams on the Missouri river for hydroelectric power, flood control and navigation benefitting downstream states. In fact, one of the witnesses here today had his family farm flooded by Lake Francis Case. In return for the sacrifices South Dakota made for the construction of the dams, the federal government made a commitment to South Dakota. That commitment was to provide water development in the state. Since coming to Congress in 1975, I have continually fought for the development of South Dakota water projects. We have had some success in this effort during that time with the development of the WEB project and the rehabilitation of the Belle Fourche Irrigation project, but the federal commitment to South Dakota has not been fulfilled. The authorization of the Lyman-Jones/West River/Oglala Sioux rural water project and the Lake Andes/Wagner Irrigation project is an effort to obtain a partial fulfillment of the federal commitment to South Dakota.

The Lyman-Jones rural water project is a result of a grassroots effort to bring good quality water to western South Dakota. For over 25 years local residents in western South Dakota have been working to make this project a reality. Several years ago during a public listening meeting I held in Chamberlain, South Dakota, Frank Woster, a director on the Lyman-Jones rural water project, talked to me about the poor quality of water in the area.

Following our meeting, I worked with the water district in an effort to obtain FmHA financing. The project would not fit FmHA criteria so I drafted legislation to authorize the project. Last year during Senate Field hearings representatives of the Oglala Sioux Tribe expressed an interest in participating in the project. Early this year, engineering studies were completed and the Pine Ridge Indian Reservation was added to the area to be served.

Water in the area to be served by the project contains dissolved solids far in excess of the recommended EPA limit. The water contains exceedingly high levels of sodium, sulfate and iron which cause digestive problems in humans and livestock. A recent study conducted by South Dakota State University linked the high level of radioactivity in the water in this area to cancer. The study linked 29 percent of all cancer in people under 20 years of age to radioactivity in the water. The highest levels of radioactivity in South Dakota is the area to be served by this project. The high sodium content also causes problems for residents with high blood pressure.

The project will provide good quality Missouri River water to over 20,000 Indians and non-Indians residents in seven counties and the Pine Ridge Indian Reservation. The Pine Ridge Indian Reservation includes Shannon County, which has the lowest per capita income in the nation. The per capita income in this area is approximately $3,000 annually. The area desparately needs good quality water for human consumption and for sanitary needs. In some areas, streams are used for both drinking water and a sewer. This situation must be addressed. This project addresses these basic problems in the most effective manner.

The project has virtual unanimous support. Environmental groups, area water development districts, Rural Electric Cooperatives and many other organizations have endorsed the project. The state legislature unanimously passed a resolution of support. All of these people recognize the desperate need for good quality water in the area.

Mr. Chairman, the residents of this area desperately need good quality water for domestic use. Residents are willing to pay for this water, but they need assistance in building the project. The proposed pipeline project is the only feasible means of providing the area with good quality water. I will let the area residents give you personal examples and more fully explain the project.

The Lake Andes/Wagner Irrigation project is also aimed at assisting Indian and non-Indian populations. One of the primary focuses of the Lake Andes/Wagner Irrigation project is to provide a reliable supply of water to farmers so that they can stabilize their livestock base and and shift their production from surplus wheat and feed grains to alternative crops. Such a transition cannot occur without a reliable supply of moisture. The development of alternative crops would not only benefit farmers but also the local economy. The Yankton Sioux Indian Tribe has land which would be irrigated by the project and their people would benefit from the off-farm jobs which would be created. The current unemployment rate for the tribe is approximately 78 percent.

The proposed Lake Andes/Wagner and Marty II irrigation project would pump water from Lake Francis Case on the Missouri River to irrigate 45,000 acres of farmland in Charles Mix County in South Dakota. Irrigation water would be provided to private farmland as well as land owned by the Yankton Sioux Indian Tribe.

The local supporters of the project and the state have made a major commitment to the development of the project. The Lake Andes Irrigation District spend over $800,000 during the late 1970s to assess the potential for irrigation development in the area. The state of South Dakota and local project sponsors have developed a cost-sharing proposal in which they would finance almost 30 percent of the cost of the project. This is a major commitment for a small state like South Dakota.

Mr. Chairman, I appreciate the time you have taken to conduct these hearings and urge your committee to keep the federal commitment to South Dakota in mind when it considers these two bills authorizing South Dakota water projects. I hope that your committee will take early action on this important legislation.

Senator BRADLEY. Thank you very much.
Governor, welcome to the subcommittee.

STATEMENT OF HON. GEORGE S. MICKELSON, GOVERNOR, STATE OF SOUTH DAKOTA

Governor MICKELSON. Thank you. Again, I want to thank you for the many courtesies that you have extended to me personally since I have been governor of South Dakota, and to the project sponsors that have worked very hard on these two projects.

And thank you for helping to make this South Dakota day in the United States Congress with regard to some of our projects. And I mean that very sincerely.

People who ask about my coming to Washington and about water projects back in South Dakota are always told that we are received with a great amount of courtesy. And the staff of this Committee has been very courteous also.

Senator Bradley, you and I have talked about these projects in the past. We met, the delegation that are here from the two projects that are represented here, have met before we came here so that we might, to save your time and to make sure that we get the maximum use out of the time that we have, we met and kind of decided who was going to talk about what. And then we wanted, hopefully, to be able to respond to some questions, if there were questions.

I want to just, in leading off, give a little historical perspective about what this means to South Dakota. And I think it is important for us to talk historically about the Pick-Sloan program and the 1944 Flood Control Act, because it is in that perspective that I really think a point needs to be made. And that is, South Dakota really needs to work hard to accomplish some of these goals.

Over the course of years, in the semi-arid climate that we have in South Dakota, our state tried three times to develop the Missouri River system for flood control, for hydro-generation, and for irrigation which many years ago was seen as the only perhaps contemporary need in the state for water development projects.

I am not going to bore you with a lot of details, but three times in the history of our state we did attempt to develop that, and we got deterred during the 1930's because of a devastating economy obviously. We got deterred during World War II when the attentions of this Nation were elsewhere.

But it took a flood of 1943 which devastated the war effort of this Nation in towns like Omaha and St. Louis and Kansas City and some of the downstream states to really get our act together as a Nation and decide that we needed to do something about the Missouri River. And thus we saw the 1944 Flood Control Act.

There were four major parts of the Act, or four major purposes, two of which were 100 percent federally financed and two of which were built in to the rate structure or the investment that was made in the facilities.

First of all we have the flood control, which was really the thing that led to the ultimate passage of the Act. And I think it is important, if you will look geographically at a map of the central United States, everybody will agree that the flood control portion of the

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Pick-Sloan Act, or the 1944 Flood Control Act, has been extremely successful, billions of dollars in economic benefit.

I might also add that they are benefits, the major part of it, 90 percent of it, has been to the downstream states. But nonetheless, we have been successful. And it was 100 percent federally financed.

A second objective was navigation. And so there was built into the system also a nine-foot navigation channel up to Sioux City, Iowa. Again, below the State of South Dakota's borders. And that was, again, 100 percent federally financed.

And then the third, of course, was irrigation, and in the original act there was 972,000 acres of irrigation that was authorized. We have had something less than 2 percent of that in the last 40 years. But that is what was authorized originally.

But that was not to be 100 percent federally financed, but rather that was to built in to the rate structure of the investment that the government made in that. And when we utilized that system, it was supposed to be used for development purposes.

And then the fourth was hydro-generation. And that has been fantastically successful. I have read the original Senate hearings on that, and I think we are generating something like three times more hydro power than was originally thought possible. And so it has been very successful.

But again, that was not to be 100 percent federally financed, but was to be paid out of the rate structure established from the Pick-Sloan plan.

Now, over the course of the last 40 years, then, if we take a look at the success, it has been a very successful project.

If we take a look at the dreams that we had in South Dakota that we would have realized from the federalization of that natural resource, we are here today, and I am not going to also argue that we are owed. We are here to earn and hopefully we are here recognizing the contemporary situation.

Now, having said all that, it was my belief, and I believe it is the belief of Senators Pressler and Daschle and Congressman Johnson that we need to get our act together in South Dakota. And that if we ever are going to accomplish these kinds of projects, we have to build a consensus within our state.

And so we have. And we have talked among ourselves about that consensus, and we also have held hearings around the State of South Dakota, making sure that project sponsors and the other people in our state agree on what it should be.

And the point of that is, I do not ever want to have to come before you and this Committee trying to promote a project that we did not believe, or that we do not believe is realistic. And so we are biting the bullet on some things, but we are coming to you with some very realistic projects.

And then secondly, understanding the contemporary nature of what we are going through in this country and the United States Congress is going through and budget-balancing and all of the other things, we understand that we are never going to get 100 percent federally-financed projects, although there was a time when we thought maybe we were entitled to that.

But be that as it may, we are coming to you with very much of a state and local cost-sharing plan that is very feasible. And we urge your positive consideration.

I just want to say, you get more statistics than you will ever remember or want to remember, and they are all in the testimony. But let me just, because I know of your personal interest, and I know of your concern for people who are disadvantaged, and very proper motivation, I think it is important to mention a couple of statistics.

The Lyman-Jones/Oglala Sioux project will provide water, as you know, and I know you were there in our state as late as last summer at least, to one of the most economically depressed and physically harsh areas of this Nation and our state.

The area must rely on groundwater, as has been pointed out already, that tastes bad, looks bad, smells bad. It stinks, very frankly, and there is no way that we are every going to build an economic base in that rural part of our state unless we can build the very basic infrastructure in that area.

Forty-five percent of the population in Shannon County, which I know you have been in also, lives below the poverty level. One of every 35 babies born in Shannon County dies. It has one of the highest infant mortality rates in the Nation. Unemployment runs over 20 percent. Per capita income is $2,209 in a year in Shannon County.

The Lake Andes/Wagner-Yankton Sioux project also will provide some real economic and environmental benefits to both Indians and non-Indians.

Unemployment among the Yankton Sioux Tribe, for example, who is very ably represented here today and we are working with them, is over 85 percent. Unemployment is over 85 percent among the Yankton Sioux Indians.

Per capita income in Charles Mix County is $4,100. Among the Yankton Sioux Tribe, per capital income is about $2,500.

I think the argument also that some make that there is a double subsidy because of the grain supports and then also because of irrigation, needs to be met and has very realistically been met in the plan, where the people and the project sponsors in their statement to you and in the planning document have addressed that very realistically. And I will leave that to them to explain.

But I also want to make a point that this irrigation project is not, will not, hopefully, add to the surplus grains in our Nation. But rather will develop a stability for a livestock industry that is very necessary.

Currently in South Dakota we ship outside of the state 70 percent of our cattle for processing because we do not have the reliability of a forage base. Let me give you an example of what that means.

In 1973, with high cattle prices, South Dakota ranked 21st in the Nation in per capita income. Now, starting in 1976, with the drought and so forth, because we did not have the forage base, we went to 49th. It is those kinds of statistics that bring into focus the real need for these kinds of projects.

Again, I am going to close with that. I appreciate very much, Senator Bradley, your time. I will appreciate discussing this and other issues that are important to the State of South Dakota with you as your time permits. Thank you very much.

[The prepared statements of Governor Mickelson follow:]

STATEMENT OF

GOVERNOR GEORGE S. MICKELSON

SOUTH DAKOTA

ON S. 1416

LYMAN JONES/WEST RIVER/OGLALA SIOUX RURAL WATER SYSTEM

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER RESOURCES

COMMITTEE ON ENERGY AND NATURAL RESOURCES

UNITED STATES SENATE

DECEMBER 15, 1987

Mr. Chairman, it is a pleasure to be here today to support the Lyman Jones/West River/Oglala Sioux rural water system. This project will provide tremendous health and economic benefits to both Native Americans and rural landowners in western South Dakota. The Lyman Jones/West River/Oglala Sioux project deserves your full support.

Too often, after years of litigation, Native Americans find themselves to be the winners and clear owners of the legal right to "paper water". The Lyman Jones/West River/Oglala Sioux project, on the other hand, will provide "wet water" and will help to make life better for rural people: Indians and non-Indians, farmers, ranchers and small-town dwellers.

The Lyman Jones/West River/Oglala Sioux rural water system project will provide wet water to one of the most economically depressed and physically harsh areas of our state: the Pine Ridge Reservation of the Oglala Sioux and the High Plains prairie land west of the Missouri River. This rural water system will provide tangible, positive help to a group of hard-working people who badly need it. This project is the culmination of years of cooperative effort by Indians and non-Indians to provide good quality water to the people of their communities. The economic and health problems in the area are critical; the need for your action is immediate and urgent.

There is little in the way of drama in building a rural water system; but in the unspectacular, workaday world, rural water systems provide real benefits to ordinary people, on and off the reservation. The Lyman Jones/West River/Oglala Sioux rural water system will serve the Pine Ridge Indian Reservation counties of Shannon and Jackson and the counties of Haakon, Jones, Lyman, Mellette, Stanley and part of Pennington in western South Dakota with good-quality, plentiful Missouri River water.

These counties now must rely on groundwater that is as bad as can be found almost anywhere. Their water looks bad, smells bad and tastes bad because it is bad. Water of this quality is not only an expensive nuisance, it can contribute to serious health disorders. Clean, safe water is a basic requirement for a decent living, and people in this part of South Dakota, on and off the reservation, do not have it. For those who can afford it, the solution has been to haul decent water over long distances by truck; those who cannot afford to haul water are forced to use existing supplies.

The Lyman Jones/West River/Oglala Sioux project includes some of the most economically devastated areas in the state and even the entire nation. In Shannon County, according to 1980 Bureau of Census data, 45% of the population live below the poverty level; the figure for Mellette County is 39%, for Jackson County 36%,

for Lyman County 29%. In Shannon County, 30% of the households lack complete plumbing facilities, while 17% in Mellette County, 14% in Jackson County and 12% in Jones County lack complete plumbing. The figure for the State of South Dakota is 4%. In 1986 in Shannon County, one in every 35 live-birth babies died; in Jackson County the figure was one in 38 and in Haakon County the figure was one in 46, nearly double the state rate of one in 75. In nearby Todd County, the infant mortality figure was one in 22, a staggering number that approaches Third World rates. The physician-to-population ratio in much of the project area is five to six times worse than for the state as a whole. Unemployment on the Pine Ridge Reservation runs over 20%, and 1979 per capita income was $2209, less than half the state figure. It is a heartbreaking litany of poverty and despair.

The time for action is now. It's not that we haven't tried, and it's not that South Dakotans on and off the reservations haven't already paid a heavy price for water development. South Dakota's proposed ETSI coal slurry pipeline project would have supplied good quality Missouri River water to communities in the western part of the state, but the ETSI project was terminated after litigation was brought by the downstream states and railroad interests. These same downstream states have benefitted tremendously over the last thirty years from the massive Missouri River dams and reservoirs that were built through the federal

Pick-Sloan program. In South Dakota, these reservoirs caused the inundation of 500,000 acres of land (34% of which were Indian lands) and the relocation of entire towns, as well as the loss of individual farms and ranches. Some Indian families, after changes in federal plans, were forced to move their homes not once, but twice. The construction of those dams and the removal from production of our Missouri River bottomlands has cost South Dakota $1.1 billion in foregone economic activity since the 1950s.

South Dakota accepted the Pick-Sloan program based on the agreement that the federal government would provide nearly one million acres of irrigation to strengthen the state's economy after the devastation of the Great Depression. After two generations of South Dakotans and, after forty years of waiting, the state has received virtually none of those benefits, but has paid much of the price for Pick-Sloan development in the Missouri Basin. In spite of this, we find it difficult to guide even one water project through today's Congress, and I suspect that few members of Congress even remember Pick-Sloan anymore. The federal obligations to South Dakota under the Pick-Sloan program and South Dakota's losses to Pick-Sloan are as real today as they were in 1944 when the promise was made, and in the 1950s when the dams were closed and the reservoirs filled. I am afraid,

however, that time is running out on Pick-Sloan and on South Dakota's chances for equitable compensation.

Development of the Lyman Jones/West River/Oglala Sioux rural water system, using water from the Missouri River, would be a step in the right direction toward compensating South Dakota for its Pick-Sloan losses. This project would serve approximately 20,000 users in western South Dakota, including fifteen small communities, over 750 rural households and 405 livestock pasture taps in the non-Indian counties. The project would serve an estimated 12,400 users on the Pine Ridge Indian Reservation, including 12 towns, 336 rural households and 1937 municipal households. The total project cost is estimated at $100 million including approximately $65 million for the Lyman Jones/West River portion of the project and $35 million for the Pine Ridge Reservation Oglala Sioux system. This project will cover an area larger than several states, and there is really no other way to get the job done.

The State of South Dakota, local and Tribal governments in the area, and the local project sponsors have shown themselves more than willing to pay their fair share. Over the past several years we have spent well over a half million dollars preparing the necessary plans for this project, and have not received any federal matching funds for this effort. We cannot, however, hope

to build the project on our own. Federal assistance is required and, we believe, long over-due.

South Dakota's problem literally since statehood has been to find an acceptable way to tap the wealth of our Missouri River resource as it flows through our state. That is what Pick-Sloan was supposed to be all about, and that is what the Lyman Jones/West River/Oglala Sioux rural water system is all about. As things stand now, however, our Missouri River resource has been federalized without the compensation that was promised; and as the ETSI affair has shown, we are apparently precluded from developing the resource on our own. We truly find ourselves with water everywhere, but barely a drop to drink.

In summary, South Dakotans are no strangers to poverty. Poverty on our Indian Reservations is well-known; the Lyman Jones/West River/Oglala Sioux project area includes the poorest county in the United States. Poverty off the reservation is less well-known, but it is just as real. South Dakotans on and off the reservations are also no strangers to hard work, and we have worked hard together to develop the Lyman Jones/West River/Oglala Sioux project. For once, we have the opportunity to provide positive, real benefits to South Dakota Indians and non-Indians who have taken it upon themselves to make a better life for their

families and future generations. I strongly believe they deserve your support.

GEORGE S. MICKELSON

GOVERNOR

ON S. 1431

LAKE ANDES-WAGNER/YANKTON SIOUX PROJECT

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER RESOURCES
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

DECEMBER 15, 1987

Mr. Chairman, we have the opportunity today to take a historic step forward in the development of a very sound water project: The Lake Andes-Wagner/Yankton Sioux irrigation project. We have the opportunity today to actually implement a major component of the Missouri River Pick-Sloan program as Congress intended over 40 years ago. We have the opportunity today to proceed with a project that will provide real economic and environmental benefits to Indians and non-Indians alike. We encourage you to take full advantage of this opportunity, and urge you to swiftly approve the Lake Andes-Wagner/Yankton Sioux authorization legislation (S.1431).

We understand that the times have changed greatly since the 1944 Missouri River Pick-Sloan program was approved by Congress. Nevertheless, we believe the Pick-Sloan economic development objective is as valid today as it was 40 years ago, and we believe the Lake Andes-Wagner/Yankton Sioux project can partially translate this economic development objective into reality. In addition to the unquestionable need for the Lake Andes-Wagner/Yankton Sioux project, we can also demonstrate unprecedented state and local support for its development. The Lake Andes-Wagner/Yankton Sioux project is part of our state water plan and is one of our highest priority water projects. This designation is more than a token gesture of support; it means that we are willing and already have devoted substantial

financial resources to complete the required project technical investigations and to secure actual project construction. In fact, the state and local project sponsors combined have provided approximately $1.5 million over the past few years just to prepare the necessary engineering and environmental reports for this project as required by the federal government. By comparison, the federal government has provided $750,000 to prepare the Lakes Andes-Wagner/Yankton Sioux report.

The Lake Andes-Wagner/Yankton Sioux project can provide real and substantial economic benefits to the project area, the state, and the nation. The project area is heavily dependent on agriculture, and underemployment is common. In addition, unemployment among members of the Yankton Sioux Tribe is over 85%. Per capita income in Charles Mix County is $4,128 and among the Yankton Sioux Tribe per capita income is $2,468. The Lake Andes-Wagner/Yankton Sioux project will help resolve these problems by providing for a stable and improved agricultural and livestock economic base, stimulating the development of agricultural processing industries, and expanding the business support community.

We recognize that federal budget problems will probably require some degree of non-federal cost sharing for project construction purposes, and we are willing to discuss this matter. We in South

Dakota, strongly hold the conviction, however, that we "cost shared" for this project many times over through our unselfish participation in the Pick-Sloan regional development program by bearing the flood and navigation storage burden. The rightness of this position was clearly reflected in the President's letter to Senator Laxalt, January 24, 1984, to the effect that new cost sharing agreements must recognize prior commitments to individual states with regard to regional water development facilities located within their borders. Nevertheless, we have gone the extra mile, and have proposed a cost sharing agreement that would provide state and local funding for $45.9 million (29%) of the total cost of the project. We believe this is substantial offer that deserves a positive response.

Inasmuch as we have already participated in a number of Congressional hearings over the past few years on the Lake Andes-Wagner/Yankton Sioux project, we need not duplicate our previous testimony on the history, features and benefits of this compact, riverside project. Suffice it to say that the Lake Andes-Wagner/Yankton Sioux project has strong local support from a wide variety of interests including public power representatives, and that it will make a great contribution to the economy of an area very badly in need of development.

Mr. Chairman, we appreciate your time today and look forward to your support for the Lake Andes-Wagner/Yankton Sioux authorization legislation.

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Senator BRADLEY. Governor, thank you very much for your testimony.

What I would like to do is ask a few questions. Any one of the three of you can respond. Some of them will relate directly to the state. So maybe you would be the more likely person. But Senator Daschle and Senator Pressler should feel free to jump in as well.

Last year we did have a hearing on these projects, and the hearing record revealed that there were 26,000 miles of pipe that was laid in South Dakota since the early 1970s at a cost of over $200 million.

And Senator Pressler alluded to FMHA help. I am curious, how were these projects financed?

Governor MICKELSON. I know that Commissioner Duvall in his testimony is going to indicate in his testimony that there are alternate sources of funding.

It directly relates to Lyman-Jones/Oglala Sioux, let me just, and I do not mean to refute something that is not already part of the record, but I have talked with Commissioner Duvall in the past about this.

It is not feasible to do it without some grant from the Federal government for the Lyman-Jones West River project. I mean, that is just a fact of life. There is not any way of getting around it.

Now, the State of South Dakota believes very strongly that, you know, we do not have coal, and we do not have oil, and we do not have a lot of other things. But we have that great river resource that we have never developed in our state.

And we believe in rural water systems as a way of developing water resources. And very frankly, we set a priority.

I think if you also look at the record, the record will show that we have very successfully developed those kinds of things, and our default rate is zero. I mean, we are willing to pay the price.

These people who will testify here about this water are going to pay some of the highest water rates in the Nation. But it is worth it to them because it is very necessary. And under their current system it is almost just as expensive to drink the bad water.

I do not know if that was what the point of your question was.

Senator BRADLEY. Well, I think that that gave you the occasion, I will follow up with the Commissioner on that question.

In the Lyman-Jones, how many people will be served by this, roughly?

Governor MICKELSON. In the Lyman-Jones, it will serve 39,000 total. The project will serve 20,000 users in western South Dakota, including 15 communities, 750 rural households, 405 livestock pasture taps in the non-Indian counties.

The project will serve an estimated 12,400 users on the Pine Ridge reservation, including 12 towns, 336 rural households, and 1,937 municipal households.

Senator BRADLEY. On the Lake Andes-Wagner project, is the farmer going to be able to pay the cost that the Bureau estimates?

For example, the Bureau has said that there is going to be a one-shot $475 per acre cost to install sprinklers, and then a $24 per acre per year for the project operation and maintenance expenses. And then $109 per acre per year for repayment of project capital.

Is that ballpark, from what you are accustomed to?

Governor MICKELSON. My answer to that, Senator Bradley, is, yes, they will, and they want to.

Now, the specifics on that, very frankly, I would like to leave to some of the project sponsors who have gone over those figures very carefully. Those are good questions. We talked about that earlier. They can explain that a lot better than I can.

Senator BRADLEY. Okay, fine. On the question of water quality, during the last hearing on the Lake Andes-Wagner project, there was concern expressed about the possibility of toxic agricultural drainage from the project. In particular selinium.

Does the State of South Dakota have the capability of monitoring waste water discharges from the proposed project?

Governor MICKELSON. Yes, sir. Our Department of Water and Natural Resources is equipped to do that, and I think that is also in the plan.

And somebody will correct me if I am wrong, but in the plan that will be monitored, and it is programmed into part of the cost, the state's share of the cost in this, to do the necessary construction to take care of that, when and if that becomes a problem.

Senator BRADLEY. There was also concern about the potential buildup of waste, should the project waters be provided to Lake Andes or waterfowl areas. Could the state monitor these sites as well?

Governor MICKELSON. I am aware that somebody from the National Wildlife Federation is going to also submit testimony at this hearing.

Unfortunately, it is after me, so that I can respond. There is not anybody, there is not anybody in this country that loves wildlife and the habitat development more than I. And I can assure you that we are not going to take any chances with that. And I am going to be offended if their position is only one of being negative in this.

The Pick-Sloan project, we gave up 340,000 acres of habitat, of wildlife and waterfowl habitat in our state when the project was built. So if they want to move towards habitat development, you know, someday we would like the mitigation, wildlife mitigation also that was part of the project that we have not had.

But that is a concern, Senator Bradley, and it is something that we are not taking lightly, and it is going to be addressed.

Senator BRADLEY. One last question, back on Lyman-Jones. Do you have a program to monitor quality of rural water systems today in South Dakota?

Governor MICKELSON. To monitor water quality?

Senator BRADLEY. Water quality.

Governor MICKELSON. Yes, sir.

Senator BRADLEY. And what about ground water management programs?

Governor MICKELSON. We have programs, again, within our Water Quality Division of the Department of Water and Natural Resources, to do that.

Now, if there is something specific in the testimony that was presented before that I am not aware of, I am not sure what you——

Senator BRADLEY. No. Just trying to get a sense of your resources to deal with the question.

Governor MICKELSON. Yes, sir.

Senator BRADLEY. Okay.

Governor MICKELSON. That has become a very high priority. The number one environmental issue, not just in South Dakota, but in this Nation, is pure water.

And, you know, something like 90 percent of the Nation's fresh water is around the Great Lakes and into South Dakota and so forth in there. So it is one of our great natural resources.

Senator BRADLEY. I know that the Committee will look at some of the costs here, and want to take a very close look at it. Do you have any final comments that you want to make about the cost issue here?

Governor MICKELSON. Well, I know the total cost and dividing it out on a customer basis and so forth, I know what those figures are and I am sure you do also.

I ask you to, however, in doing the things that all of us in government like to do in looking at cost-benefit ratios alone, there is nothing in the formula that puts a price on the benefit of increasing or decreasing the infant mortality rate.

There is not any way that you can put a cost-benefit ratio on being able to turn on a tap of water and get water that you can drink, or improved water quality that cattle would otherwise die from drinking. Those are the kinds of things we are talking about.

Cost-benefit ratios are designed to do certain things, and I am not saying that we should disregard them. But I am saying that in this area of rural America, there are some particular needs that require some unique figuring and computing in determining what the benefits might be.

Senator BRADLEY. Well, thank you very much, Governor, and Senator Daschle and Senator Pressler, thank you for your testimony.

And I appreciate you getting together with the other people who will testify and dividing up the responsibility. And I also appreciate you holding to that plan, because I think it will be a better hearing. Thank you very much.

Our next witnesses will be the Hon. Dale Duvall, Commissioner of the Bureau of Reclamation. And if we could have William Bailey, the Deputy Administrator of the Department of Agriculture, that would facilitate matters too, since we can have the two Administration spokesmen at the table simultaneously.

You do know each other. Mr. Duvall, Mr. Bailey. Mr. Bailey, Mr. Duvall. There are people who would argue that you do not know each other. But I will not make that argument.

Your full testimony will be submitted for the record, and if you could summarize your testimony that would be helpful.

STATEMENT OF HON. C. DALE DUVALL, COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Mr. DUVALL. I do have longer statements that I would like to have submitted for the record, and I am confident that I can paraphrase the highlights of the two statements to give you a bit of the flavor from them, and to set the stage for the questions and the

continuity of the information that other people will present following my testimony.

Addressing first the Lyman-Jones, West River, and Oglala Sioux rural water development project, which is represented by S. 1416, these represent three projects that we testified on before the House this morning and may have merit.

However, the Administration continues to oppose S. 1416 because we have not examined it in the context of the principles and guidelines for water and related land resources planning—what we call the P&G's.

The Administration is generally opposed to these types of distribution systems, where the planning and construction have normally been the responsibility of non-Federal interests.

And as the Governor correctly pointed out, the Administration's position is that other sources of funding are perceived to be available to assist in the development of such projects.

S. 1416 would authorize the Secretary to move directly into the planning and the construction of the municipal, rural, and industrial water treatment and distribution system, using Farmers Home Administration guidelines for the Lyman-Jones/West River system.

The bill would also authorize development on the Pine Ridge Reservation of the Oglala Sioux rural water development project as a 100 percent grant from the Federal Government.

To our knowledge, no analysis of the engineering, economic, or environmental feasibility of the Indian portion of this project has been conducted to date. The bill provides authority and responsibility of designing such a system, but provides no formulating criteria.

Reclamation would prefer that an authorization to study this system precede any authorization to construct the project.

Section three of the bill also would authorize the reservation and the tribe to receive Pick-Sloan power, and expands that authority to permit Pick-Sloan pumping power utilization for Indian MR&I facilities.

We oppose the use of Pick-Sloan Missouri Basin pumping power for irrigation or MR&I use if the projects are not specifically authorized as units of the Pick-Sloan Missouri Basin program.

In moving on to the Lake Andes-Wagner project, the States in the upper Missouri Basin believe they have not realized the benefits expected from construction of the Pick-Sloan projects. That has been clearly pointed out by the Governor and the other Federal witnesses who have appeared.

The nature of any Federal commitment to provide this expected level of benefits is complex at best. Nonetheless, although the project would probably not merit administrative support under other circumstances, because of South Dakota's presumption of these unrealized benefits, the Administration would not oppose authorization, providing the bill is amended to include the four following conditions, the first one having two sections.

Actual construction would not be authorized until submission to the Congress of the completed planning report determining economic and environmental feasibility, and a legally binding agreement for cost-sharing would be completed.

Secondly, legislation would retain the proposed cap on payments for surplus crops with the cap determined from dry-land yields.

Third, no new full service non-Indian lands would be authorized. Finally, any necessary irrigation assistance from power revenues should be paid on a straight line amortization schedule over a period of not less than 40 years.

Although we would not oppose authorization of this project if these conditions are met, I must point out, however, that the Administration is and remains committed, at a time of unprecedented fiscal restraints, to completing those reclamation projects that are substantially underway.

Should the Lake Andes-Wagner project be authorized, it would be the newest project and would necessarily be placed at the very end of the system of priorities for construction appropriations.

The Lake Andes-Wagner unit would be developed as part of the Pick-Sloan Missouri Basin program. If constructed, it would help to stabilize an existing dry farm agricultural economy that is and has been subject to periodic severe distress from drought.

No dams or reservoirs are needed. A system of surface and subsurface drains would collect and remove excess water and return flows. An irrigation management system would be used to limit application of water, thus increasing water use efficiency.

S. 1431 addresses the double subsidy issue by limiting subsidy payments to dry-land yield levels. Thus, program payments received by irrigators would not exceed the amount they would otherwise receive in the absence of the project.

The Department of the Interior supports the intent of this, although we defer to the Department of Agriculture on the technical adequacy of the provision.

The Bureau of Reclamation has not conducted a study of the Marty II unit in the context of the Principals and Guidelines. Therefore, the Administration opposes authorization for construction of the Marty II unit until the Secretary has submitted his recommendations to Congress in accordance with the standard reclamation practices and procedures.

I think that pretty well summarizes what is in my larger statements.

[The prepared statement of Mr. Duvall follows:]

Statement of C. Dale Duvall, Commissioner, Bureau of Reclamation, Department of the Interior, Before the Senate Subcommittee on Water and Power, Committee on Energy and Natural Resources on S. 1416, a bill to Authorize the Lyman-Jones/West River and Oglala Sioux Rural Water Development Projects, South Dakota

December 15, 1987

Mr. Chairman, I am here today to testify on S.1416, a bill "To authorize the Lyman-Jones/West River and Oglala Sioux Rural Water Development Projects."

As I will discuss, these three projects may have merit. However, the Administration opposes S. 1416 because we have not examined them in the context of the Principles and Guidelines for Water and Related Land Resources Planning (P&G), nor do we know the environmental impacts, effect on other projects in the region, and, most important, whether the projects are cost-effective. Furthermore, the Administration is generally opposed to these types of distribution systems where the planning and construction have normally been the responsibility of non-Federal interests. Other sources of funding are available to assist local communities to develop these systems, including assistance from commercial and State/local government sources.

The State of South Dakota under the leadership of Governor George Mickelson has established a task force to examine potential water resources development projects in the State. To assist in this effort, we have often met with project sponsors and provided technical support when it was possible to do so. Assuming that the Lyman-Jones/West River and Oglala Sioux Rural Water Development Projects receive a high priority as a result of the task force's efforts, we will continue to provide assistance to the State in bringing about implementation of these projects.

S. 1416 would authorize the Secretary of the Interior to direct planning and construction of a municipal, rural and industrial water treatment and distribution system using Farmers Home Administration guidelines for the Lyman-Jones/West River systems. The bill would authorize development on the Pine Ridge Reservation as a 100 percent grant from the Federal Government.

The Lyman-Jones/West River project area to be served is west of the Missouri River in central South Dakota and includes a contiguous area of approximately 140 miles that extends a north-south distance of approximately 60 miles. The Pine Ridge Reservation is located in the southwestern corner of the State and encompasses approximately 2,800 square miles.

The need for the projects is based on the area's lack of a dependable water supply. Rural households and towns in the project area have depended on groundwater of poor quality and uncertain quantity in the past. Wells must be dug deep, to a depth of 1,300 - 3,300 feet, at great expense, and in most cases are unreliable. The water produced by the wells is of poor quality, with total dissolved solids ranging from 550 - 1,049 parts-per-million. Sodium and sulfate levels exceed Safe Drinking Water Act standards; fluoride and radium levels also exceed standards in some places. Because of the poor quality and quantity, many rural families haul water for domestic use.

As we understand it, the Lyman-Jones/West River project is actually two rural water systems, which includes 13 small communities, that would be combined for mutual benefit and a third system to serve the Oglala Sioux Pine Ridge Reservation. The Oglala Sioux system may or may not use the Lyman-Jones/West River system as a carrier. It appears that the two projects known as the Lyman-Jones Rural Water System and the West River Rural Water System would be administered through the West River Development District, a subdivision of South Dakota State Government.

The Lyman-Jones/West River Rural Water System plan identified in the engineering consultant's report proposes the Oahe Reservoir on the Missouri River as a water source. A system of pumping stations and pipelines would move the water to the consumers. The water intake on Lake Oahe would be the existing powerhouse intake. A shared water treatment plant would be constructed near Fort Pierre. A total of nearly 2,000 miles of pipeline would carry the water through the project area to municipalities and rural connections. We are not that aware of the plan for the Oglala Sioux portion of the total project or exactly how it might be associated with Lyman-Jones/West River system.

The Bureau of Reclamation has not participated in the rural water system study prepared by the consultants nor have we formally reviewed the consultant's report on Lyman-Jones and West River.

Since S. 1416 would authorize Reclamation to participate in the administration of the West River/Lyman-Jones Rural Water System under Farmers Home Administration guidelines, the projects would not be part of the Pick-Sloan Missouri Basin Program and would be dependent on the directives set forth in this bill.

In addition, the Bill would authorize the water system development on the Pine Ridge Reservation as a 100 percent grant. To our knowledge, no analysis of the engineering, economic or environmental feasibility of such a water system has been conducted to date. The Bill provides the Secretary with the authority responsibility of designing such a system, but provides no formulating criteria. Reclamation would prefer that an authorization to study this system precede any authorization to construct.

Section 3 of the Bill would authorize the Pine Ridge Indian Reservation and the Oglala Sioux Tribe to receive Pick-Sloan irrigation pumping power under the provisions of Section 5 of Public Law 97-273 and, in addition, expands that authority to permit Pick-Sloan pumping power utilization for Indian municipal, rural and industrial (MR&I) facilities authorized under Section 4(b) of this Bill. We oppose the use of Pick-Sloan Missouri Basin pumping power for irrigation or MR&I use if projects are not specifically authorized as units of the Pick-Sloan Missouri Basin Program.

Mr. Chairman, that completes my statement. I will now attempt to answer any questions the Committee might have.

Statement of C. Dale Duvall, Commissioner, Bureau of Reclamation, Department of the Interior, Before the Senate Subcommittee on Water and Power, Committee on Energy and Natural Resources, on S. 1431, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Lake Andes-Wagner Unit, and the Marty II Unit, South Dakota Pumping Division, Pick-Sloan Missouri Basin Program, South Dakota

December 15, 1987

Mr. Chairman, I am here today to testify on S. 1431.

The States in the Upper Missouri Basin believe they have not realized the benefits expected from construction of the Pick-Sloan projects. The nature of any Federal commitment to provide this expected level of Pick-Sloan benefits is complex, at best. Nonetheless, although the Lake Andes-Wagner project would probably not merit Administration support under other circumstances, because of South Dakota's presumption of these unrealized benefits in the Upper Basin, the Administation would not oppose authorization of this project--providing the bill is amended to include the following conditions.

1. Actual construction would not be authorized to begin until (a) submission to the Congress by the Secretary of the Interior of a completed planning report determining the project's economic and environmental feasibility, and (b) a legally-binding agreement by project sponsors for cost-sharing acceptable to the Secretary.

2. The legislation would retain the proposed cap on payments for surplus crops, with the cap determined from dry-land yields.

3. No new full-service non-Indian lands would be authorized as part of the project, and

4. Any necessary "irrigation assistance" from power revenues be paid on a straight-line amortization schedule, over a period not to exceed 40 years.

Although we would not oppose authorization of this project if these conditions are met, I must point out that the Administration is committed--at a time of unprecedented fiscal constraints and a change in focus of the Bureau of Reclamation--to completing those Reclamation projects that are substantially underway. Should the Lake Andes-Wagner project be authorized, it would be the newest project, and, therefore, would necessarily be placed at the very end of our list of priorities for construction appropriations.

Under the leadership of Governor George Mickelson, a task force has been established in the State of South Dakota to identify and examine potential water resource development projects. In early October, we received a cost-sharing proposal from Governor Mickelson for the Lake Andes-Wagner/Yankton Sioux Project. The Yankton Sioux Project has been intermittantly referred to as the Marty II Unit. That proposal currently is under review within the the Department. I commend the Governor for those important steps.

The Bureau of Reclamation prepared a planning report/final environmental statement on the Lake Andes-Wagner Unit which was filed with the Environmental Protection Agency on September 17, 1985. The planning study was cost-shared by the State.

The Lake Andes-Wagner Unit, as presently defined, would be developed as a part of the Pick-Sloan Missouri Basin Program. The Unit is located in Charles Mix County, which is in the south central portion of South Dakota, and is bordered on the west side by Lake Francis Case on the Missouri River. If the project were constructed, it would help to stabilize an existing dry-farm agricultural economy that is subject to periodic severe distress from drought.

The project would irrigate 45,000 acres of dry-farmed land with sprinkler systems, primarily center pivots. This includes 39,840 acres currently being dry land farmed and 5,160 new acres not currently farmed. The annual diversion from the Missouri River would be 94,000 acre-feet. This is approximately 1/2 percent of the annual flow at Fort Randall Dam.

No dams or reservoirs are needed to provide the water supply for the Lake Andes-Wagner Unit plan. The water supply will be from an existing reservoir. Water would be lifted 230 feet by the main pumping plant, which is located on the North Bay arm of Lake Francis Case, into the distribution system for delivery to project lands. A system of surface and subsurface drains would remove excess water and return flows from the project area. An irrigation management system is a part of the plan to limit application of water thus increasing water use efficiencies. The cost of development per acre is not expensive in comparison to other projects. Installation of subsurface drains would be deferred until needed, which could range from 5 to 40 years.

Although 60 to 75 percent of the acreage will produce corn which is presently in surplus supply and for which producers may be eligible for benefits under the Department of Agriculture annual commodity program, we estimate that a large percentage of such production would be consumed on-farm as cattle feed. We understand, as do the project sponsors, that S. 1431 addresses the double subsidy issue by limiting subsidy payments to dry-land yield levels. Thus, payments received by irrigators as a result of Department of Agriculture programs would not exceed the amount of payments they would otherwise receive in the absence of the irrigation project. There would be no USDA payments based upon increased yields due to irrigation. The Department of the Interior supports the intent of this provision of S. 1431. We defer to the Department of Agriculture for comments on the technical adequacy of the provision.

Total nominal construction costs of the Lake Andes-Wagner Unit is $148,520,000 which is modest relative to other proposals in South Dakota. This excludes interest during construction. All construction costs are allocated to irrigation except for the fish rearing pond. Thus, the reimbursable construction costs are $148,210,000 for irrigation and $77,500 for fish and wildlife. The remaining $232,500 of construction costs are nonreimbursable fish and wildife costs.

A portion of the $148,210,000 irrigation reimbursable costs are to be deferred under the Leavitt Act authority. This amount is $6,386,000 representing the 3.8 percent of the lands that are Indian-owned. Operation and maintenance costs are $24 per acre per year.

In our report we estimated a future payment capacity of $133 per acre applicable to non-Indian lands. That figure is subject to reevaluation and could affect cost-sharing provisions. In any event, irrigators can repay a major portion of the construction cost if significant up-front cost sharing is received and should not depend upon power revenues for significant irrigation assistance.

The Bureau of Reclamation has not conducted a study of the Marty II Unit in the context of the Principles and Guidelines for Water and Related Land Resources Planning. Therefore, the Administration opposes authorization of the Marty II Unit until the Secretary has submitted his recommendations to the Congress on the Unit in accordance with standard Reclamation practices and procedures.

The Marty II Unit would irrigate approximately 3,000 acres of dry farm land with sprinkler irrigation systems and would contribute to Indian economic development. Missouri River water could be lifted to the project area by either increasing the main pumping plant capacity for the Lake Andes-Wagner Unit or locating a pumping plant on the Missouri River below Lake Francis Case, as this legislation proposes, depending upon the alternative selected. From this point, all alternatives would include a main discharge line that would deliver water to a high point in the project area, a pipe distribution system for delivery to the project land and the necessary sprinkler systems for application of the water to the land. A system of surface and subsurface drains would remove excess water and return flows from the project.

The total estimated cost based on the information developed in the appraisal alternative estimate varies dependent upon the alternative selected. The alternative identified as having the least cost was approximately $15 million.

Mr. Chairman, that completes my statement. I will now attempt to answer any questions the Committee might have.

Senator BRADLEY. Thank you. Mr. Bailey.

STATEMENT OF WILLIAM C. BAILEY, DEPUTY ADMINISTRATOR, PROGRAM PLANNING AND DEVELOPMENT, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. BAILEY. Thank you, Mr. Chairman. I do have a brief statement. I would like to summarize it even more if I could, and submit the rest of it for the record.

I would like to address specifically one section of S. 1431, Section 2(e), which deals with crop acreage bases and yields.

The USDA supports this section because it prevents an increase in crop acreage bases and program payment yields which result from new water projects. There are, however, some technical problems associated with this section.

Section 2(e) would apply to programs covered by Title V of the Agricultural Act of 1949 and any successor programs established for crop years subsequent to 1990. Title V of the 1949 Act applies only through the 1990 crops.

So if there is no new legislation enacted for the 1990 and subsequent crops, there would be no authority for crop acreage bases and program payment yields subsequent to the 1990 crop.

The other issue, also in Section 2(e), and also of a technical nature, is that Section 2(e) freezes the base period for determining crop acreage bases and program payment yields to the five crop years preceding the crop year in which the development period for each unit is initiated.

Currently, the Secretary has two ways to deal with these program payment yields. One is to look at a specific period of time, 1981 through 1985, do some calculations and come up with a program payment yield. The other is to look at an actual yield rolling forward over time for five years.

The secretary has decided not to use this rolling average method in establishing program payment yields, and has announced that actual yields will not be used to establish program payment yields for the 1988 and subsequent crops.

Thus, program payment yields, which we base our deficiency payments on, will continue to be based on the 1981 through 1985 program yields. Yet S. 1431 would require use of a new method, use of five crop years preceding the crop year in which the development period for each unit is initiated.

As I said, these are technical issues that we have concerns about in Section 2(e), although the intent of that we support. That is, not increasing the payments.

As the legislation progresses, if it goes forward, we would be more than happy to work with the staff to try to ameliorate some of these.

[The prepared statement of Mr. Bailey follows:]

Statement of William C. Bailey
Deputy Administrator, Program Planning and Development
Agricultural Stabilization and Conservation Service
U.S. Department of Agriculture
before the
Committee on Energy and Natural Resources
Subcommittee on Water and Power
United States Senate
December 15, 1987

Thank you, Mr. Chairman. I appreciate the opportunity to appear before you and other Members of the Subcommittee today to discuss S. 1431, a bill to authorize the Secretary of the Interior to construct, operate and maintain the Lake Andes-Wagner Unit and the Marty II Unit, South Dakota Pumping Division, Pick-Sloan Missouri Basin Program, South Dakota.

Mr. Chairman, I will confine my comments today to Section 2(e) which deals with crop acreage bases and yields, the concern of the U.S. Department of Agriculture (USDA) with S. 1431.

Section 2(e) of S. 1431 provides as follows:

> "For purposes of the participation of lands in the Lake Andes-Wagner and Marty II Units in programs covered by title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.), and in any successor programs established for crop years subsequent to 1990, the 5-crop years on the basis of which the crop acreage base is determined under section 504 of such Act (7 U.S.C. 1464), and on the basis of which the program payment yield is determined under section 506 of such Act (7 U.S.C. 1466), shall be the 5-crop years preceding the crop year in which the development period for each Unit is initiated."

USDA supports the provision which is to prevent increases in crop acreage bases and program payment yields as a result of new water projects. There are, however, same technical problems, including the following:

1. Section 2(e) would apply to programs covered by title V of the Agricultural Act of 1949 and any successor programs established for crop years subsequent to 1990.

   Title V of the 1949 Act applies only through the 1990 crops. If no new legislation is enacted for the 1990 and subsequent crops, there will be no authority for crop acreage bases and program payment yields subsequent to the 1990 crop. Wheat and upland cotton, for example, would revert to acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938.

2. Section 2(e), in effect, freezes the base period for determining crop acreage bases and program payment yields to the 5 crop years preceding the crop year in which the development period for each unit is initiated.

   For the 1988 through 1990 crops, title V of the 1949 Act authorizes the Secretary of Agriculture to establish program payment yields in either of two ways:

a. As the average of the program payment yields for the farm for the 1981 through 1985 crop years, excluding the crop year with the highest program payment yield and the crop year with the lowest program payment yield, or

b. As the average of the actual yields per harvested acre for the farm in the immediately preceding 5 crop years, excluding the crop year with the highest yield and the year with the lowest yield, and any crop year that the crop was not planted on the farm, except that the farm program payment yield shall be used in lieu of the actual yield for the 1983 through 1986 crop years.

The Secretary of Agriculture has decided to not use actual yields in the establishment of program payment yields and has already announced that actual yields will not be used to establish program payment yields for the 1988 and subsequent crops. Thus, program payment yields will continue to be based on the 1981-85 program yields. Yet, S. 1431 would require use of the 5 crop years preceding the crop year in which the development period for each Unit is initiated.

This concludes my statement, Mr. Chairman, and I will be happy to respond to questions.

85-020 O - 88 - 3

Senator BRADLEY. What is the specific suggestion you have for modification of 2(e)?

Mr. BAILEY. We would like to work with the staff to—

Senator BRADLEY. Achieve the intent of the language?

Mr. BAILEY. Yes, sir. That is, it limits new payments. If there is new land brought into production, new payments will not be associated with that. And there are some technical areas in here which complicate that area a little bit.

Senator BRADLEY. Mr. Duvall, you said you support or oppose Lyman-Jones/West River?

Mr. DUVALL. No, we do not support Lyman-Jones/West River project, pending the completion of whatever study is necessary in order to apply the Principles and Guidelines for water and related land resource projects to the studies that have been developed by the local people.

Senator BRADLEY. So you say you would like to see a study of what? You would like to see a study of the project?

Mr. DUVALL. It would be necessary for us to bring the engineering studies into conformity with the standards by which our projects are authorized.

Senator BRADLEY. Well, how long would it take the Bureau to do a formal review of the project proposal, as to technical or environmental conclusions?

Mr. DUVALL. Not being an engineer, it is a little bit difficult for me to say that. But we would have to start with an appropriation process to begin with.

Senator BRADLEY. To do a study?

Mr. DUVALL. Yes.

Senator BRADLEY. How long would it take? Assume you have the money.

Mr. DUVALL. If we had the money in hand, and depending upon the condition of the studies that have been done previous to this, I would hope that it would be a matter of months rather than years.

Senator BRADLEY. A matter of months?

Mr. DUVALL. Yes.

Senator BRADLEY. How does the Lyman-Jones/West River proposal compare to the WEBB pipeline project?

Mr. DUVALL. The purposes and the justification for the project would be very similar.

Senator BRADLEY. Well, do you want to elaborate a little bit on the comparison?

Mr. DUVALL. Well, the WEBB is a project that, like Lyman-Jones, came about as a result of very strong support from local people in the community.

It came about as a realization, a recognition by Congress, that the state and the local community were incapable of resolving the water quality problems that they had, without some assistance.

Senator BRADLEY. Under the WEBB repayment contract, when does repayment of allocated capital costs begin?

Mr. DUVALL. I would have to check that for the record, and get [it] back to you. But I would be happy to do that.

Senator BRADLEY. What I am saying is, do you think that that is a model for what we are trying to do with Lyman-Jones/West River?

Mr. DUVALL. I believe what is being proposed by Lyman-Jones/West River is characterized on the same kind of basis. They are both proposed to be done under the Federal Home Administration guidelines.

Senator BRADLEY. What is the status of the WEBB project?

Mr. DUVALL. The WEBB project should be finished within the next two fiscal years. It is delivering water to a substantial number of people at the present time. The people up there are delighted with it.

Senator BRADLEY. Do you have any thoughts about whether the WEBB project offers any other further guidelines for this project?

Mr. DUVALL. From our standpoint, Senator, it is a model project in that the construction was managed by the local constituencies.

Consequently, for the Federal dollar that is spent there, I believe the people of South Dakota and the taxpayers of this Nation are getting a bargain on the project. I would hope that we would be able to follow the cost-saving features that were incorporated into the way the WEBB project was built if the Lyman-Jones project is authorized.

Senator BRADLEY. Does the 75 percent Federal grant on water for municipal and agricultural use give you any kind of reaction?

Mr. DUVALL. That is one of the things that makes it very difficult to get Administration support in these times of budget crisis for a project of this nature.

If that grant were not on there, I think there would be much more support for building this. There is no dispute in our——

Senator BRADLEY. You mean if there was no requirement for Federal dollars, the Bureau would be supportive?

Mr. DUVALL. Well, there is no dispute on the part of the Administration or the Bureau of Reclamation that the lack of good water quality does exist there, and there does need to be something done about it.

It is a question of how and when we get the money appropriated to do it, or whether it should be done at the Federal level is a matter of some conjecture.

Senator BRADLEY. A lot of water is now, evidently, surface water, trucked-in water, et cetera?

Mr. DUVALL. A lot of it is being trucked in.

Senator BRADLEY. How do you weigh this against the way things are happening now?

Mr. DUVALL. I am not sure that I understand the question.

Senator BRADLEY. In other words, you feel there is a real need for a change.

Mr. DUVALL. There is a need for resolution of their water problem.

Senator BRADLEY. Okay. And you said, what did you say on the extension to the Oglala area?

Mr. DUVALL. On that part of the project, we are not sure how much work has been done from an engineering, economic, and environmental feasibility study standpoint.

On the Lyman-Jones/West River, there have been studies and we have made reconnaissance analyses of those studies on the——

Senator BRADLEY. Who has done that?

Mr. DUVALL. The Bureau of Reclamation has reviewed the engineering studies that have been completed. On the Oglala Sioux part, I think the work that has been done in the field is more at the reconnaissance level.

Senator BRADLEY. So when you say, when I ask you how long will it take the Bureau to make a formal review of the project proposal as to technical or environmental feasibility, you are saying that you have already done that with regard to part of the project?

Mr. DUVALL. We have reviewed the information that is contained in the engineering reports that were done by the local constituents with respect to the Lyman-Jones/West River.

We have not done a similar type of review; we are not to our knowledge aware of any studies having been completed to that degree on the Indian part of the project.

Senator BRADLEY. How long would it take you to do that?

Mr. DUVALL. Oh, let me look back here and see if somebody would tell me. Six months, I am told, if we had the money in our hands today.

Senator BRADLEY. On Lake Andes, what is the status of the environmental impact statement?

Mr. DUVALL. The environmental impact statement, I believe, is in review in the Department at the present time. We have completed our analysis of it and have passed it on to the Department. It has been filed with the Environmental Protection Agency.

Senator BRADLEY. Now, you have done your cost-benefit analysis of the project. But under the Governor's cost-sharing proposal, the state and the project participants would undertake their own costs for drainage.

Now, does that affect your own cost-benefit analysis?

Mr. DUVALL. That would have some effect on it. The proposal that we received from the Governor and the State of South Dakota provides for, directly or indirectly, breaking the project into more or less a phased development.

From a present value standpoint, the portions that the State is going to assume full responsibility for are the later phases of this project. It would take an economist to go through and make an analysis to tell us precisely what the current value of that is.

But we do have that proposal under study in the Bureau of Reclamation at the present time.

Senator BRADLEY. When will that be finished?

Mr. DUVALL. I would hope that that is a matter of two or three weeks.

Senator BRADLEY. In two or three weeks, you will have a formal response to the Governor's proposal? Maybe we should have delayed this hearing.

Mr. DUVALL. Well, I think the hearing is timely. I think it serves its purpose.

Senator BRADLEY. Has there been any consideration of the wildlife needs for the Marty II proposal?

Mr. DUVALL. The response that I made about the cost-sharing project addresses primarily the costs associated with the Lake Andes-Wagner portion of the project.

The Marty II features are again more at the reconnaissance-level stage. The Governor's cost-sharing proposal did not address the

costs for that because that is all on reservation, and it is assumed by the state and by us that if a project is approved there that that would be 100 percent Federally funded.

Senator BRADLEY. So your basic position is on Lyman-Jones/West River, Oglala Sioux, you support but you need a study on the extension to the Oglala Sioux area? Is that correct?

Mr. DUVALL. Right. We would have to blend that portion of the study into the——

Senator BRADLEY. And that would take six months. Now, on Lake Andes-Wagner, your position is that you are basically supportive with the five or six criteria that you have laid out?

Mr. DUVALL. That is correct.

Senator BRADLEY. And of those, which do you think is the most important?

Mr. DUVALL. I might get myself in trouble if I weighted them, Mr. Chairman.

Senator BRADLEY. Take a risk.

Mr. DUVALL. The first two, the completed planning report is something that does not require a lot of work and there is not a long timeline in bringing that to the foreground.

Cost-sharing negotiations are something that, in a sense, have already commenced by virtue of the Governor having submitted to us his cost-sharing proposal.

The others are questions of whether this Congress in approving this project would deem to tailor the legislation.

Senator BRADLEY. Now, number four, any necessary irrigation assistance from power revenues be paid on a straight line amortization schedule over a period not to exceed 40 years. That is your suggestion?

Mr. DUVALL. That is what the Administration would ask for, as a condition of support for the project.

Senator BRADLEY. What happens if the farmers are unable to pay the bill?

Mr. DUVALL. Well, that is what item four is addressing. The study that we have done on the project to date shows that the farmers have repayment capacity to pay the entire cost of the project from irrigation funds.

I believe that the payoff period is 32 or 37 years. It is even less than 40 years. With $133 per acre per year repayment capacity. Those numbers are a couple of years old now.

Senator BRADLEY. What if they are not able to do that?

Mr. DUVALL. If they were unable, within their economic ability, when the project was built, to make that payment to assure payoff, then the portion that they could not cover would be passed to the irrigation assistance from the Pick-Sloan project.

That is where that portion would be paid off on a straight line basis, rather than the old system where it is paid off at the end of the project.

Senator BRADLEY. Okay. Well, thank you both very much for your testimony.

We now will have a panel. The panel consists of Joe Hieb, Vice Chairman, Lyman-Jones Water Development Association, Joe American Horse, Chairman, Oglala Sioux Tribe, George Renning, Chairman, West River Rural Water System, Mario Gonzales, Legal

Counsel, Oglala Sioux Tribal Council, Bill Hustead, President, City Council, Wall, South Dakota, Wade Vitalis, Department of Natural Resources, Oglala Sioux Trible.

Welcome to the subcommittee, gentlemen. Why do we not proceed from Mr. Hieb to Mr. Renning, Mr. Hustead, and then to Mr. American Horse. Mr. Hieb?

If we could, your full testimony will be submitted to the record. And if you could summarize, I would appreciate that. Because we have some time pressure here.

STATEMENT OF JOE HIEB, DIRECTOR, LYMAN-JONES WATER SYSTEM

Mr. HIEB. Mr. Chairman, thank you, and Members of the Committee. My name is Joe Hieb.

I became interested in water for western South Dakota when I became a board member on West Central Electric. We had a meeting and I was thinking, why could not our same area, the five-county area, have water as we have electricity. It would be just as feasible.

The first three years when we had REA, of course, the Administration did not think it would be feasible. But being as the law said they had to put it in, they put it in. But today this REA is one of the more feasible REAs in the State of South Dakota. And I am sure this water system would be the same way.

The reason I am concerned about our water is, I put in a service station at Reliance, and lo and behold, unbeknown to me, when these people drank this water when they stopped at the station, they developed stomach cramps. There was not enough rest stops between Reliance and Rapid City.

So we quit offering water. And when you have to tell a tourist that they cannot drink the water because it is detrimental to their well-being, it is embarrassing.

So at the cafe, we haul the water from Chamberlain, but we cannot put it in a cistern because the South Dakota State Department of Health will not sanction it, for the simple reason that water in a cistern gets contaminated.

But at the same time, our rural people haul the water and put it in a cistern. The reason they put it in a cistern is in the winter time we have severe winters, which come down to 20 below or better. And you just could not keep the water above ground. We have got a problem.

The wells we are drilling cost us a tremendous amount of money. And after we get the wells drilled and the water developed, the water is still not fit for human consumption. The cost of this water, people think, is prohibitive.

But when you sit down and think about what the water costs per consumer, the water is costing them more than what our water would be with this proposed pipeline system.

We have worked, meetings, I have traveled thousands of miles, attended hundreds of meetings. And I guess on the Lyman-Jones part of it I have collected $34 for a room in Nebraska when we finalized hookup to the Oahe Dam.

The reason we got the hookup on the Oahe Dam is, our engineers, one of them saw these three pipes, 18-inch pipes, and they were not being used. And he asked the man in charge what they were being used for and he said they were not used.

They thought they had to have them to de-ice the surge tanks. But they found out they did not need them. So he asked whether this was possible that they could be hooked onto, and of course with some communication we got permission to hook onto these pipes.

This saves us intake infrastructure, gives us a quality of water that you would not get from shoreline intake structures, plus we saved the cost. At the same time, we can get a pressure of 92 to 95 pounds per square inch, which is enough water to put through our processing plan at Fort Pierre, which saves us some money.

So, Mr. Chairman, we have done about everything we know how to do to make this water system feasible. We have looked at every angle. We have cut all the costs we could wherever we could. And at the same time, we are still not getting the job done.

I want to tell you something about our water reliance. The maximum allowable amount of sulfates is 250 parts per million. Ours has got 1,300. This is where the tourists get in trouble. Once you get used to it, I guess it is all right.

So I guess with that, I would like to summarize a little later, and I guess Joe American Horse would also like to summarize, Mr. Chairman.

[The prepared statement of Mr. Hieb follows:]

Mr. Chairman and members of the Committee:

My name is Joe Hieb. I own and operate a bulk fuel business in Reliance, South Dakota, and my wife operates a restaurant in Reliance. I also deliver mail on a rural mail route out of the Reliance post office. I am a Director of the West River Water Development District and a Director of the Lyman-Jones Water System. I am also a Director of West Central Electric Co-op which distributes REA power over the area included in the rural water systems covered by S.1416. I want to present testimony in support of S.1416.

The area to be served by the proposed Lyman-Jones, West River, and Oglala Sioux rural water systems covers all or parts of nine counties in west central South Dakota and will serve farms, ranches and small communities. We are an agricultural area with cattle our main income producer, and winter wheat a major crop. We are very sparsely settled, with a population density of only 1.6 persons per square mile. Communities to be served range from a population of 4 to 1088. The proposed rural water system would take water from Oahe Dam on the Missouri River north of Fort Pierre, treat it for human consumption, and transfer it through pumps, storage tanks and nearly 3000 miles of pipeline to serve 720 rural households, 405 pasture taps for livestock, and up to 13 communities with a total population of 5932, plus the Pine Ridge Indian Reservation. At approximately 11,000 square miles this project area is larger than the state of Maryland, and eight other states in the United States.

Why authorize a rural water system which will benefit so few people? The answer to that question is simple. We have no decent water over most of the project area.

Our possible sources are surface waters, wells, or hauled water. Most ranchers rely on surface waters impounded behind small stock dams. Most of these stock dams were constructed in the 30's and 40's and have lost much capacity because of silt. Many have been washed out. In normal years we only get 16 to 17 inches of precipitation in the project area.

and these small ponds nearly dry up. Water quality is very poor, and cattle do not drink as much as they should because of this poor quality. Some become stuck in the mud, occasionally dying, and always in danger of weight loss and disease. In dry years, such as 1985, most of these stock dams are dry and unusable. While stock dams are mostly used for livestock, we do have some ranches that pipe this water, untreated, into their homes where it is used for toilets, washing, bathing, and, in some instances, cooking. They will usually haul their drinking water.

Two cities, Murdo and Philip, take and treat their water from impounded lakes, but in dry years they must also rely on deep wells or they would not have adequate water. The water from these lakes becomes very poor quality in dry years. Kennebec also relied on a lake for their supply, but their dam washed out in 1986, and they had to drill a deep well. They had very limited water, sometimes no water, and virtually no fire protection for six weeks.

The project area has only a very few locations where a shallow ground water of good quality is available, and then most are of extremely limited quantity. This leaves deep wells, 1000 feet in the east part of the project area. Farm wells will run $10,000 and up in the east, to $45,000 in the west. This water is not only expensive, it is loaded with undesirable minerals and does not meet anyones idea of a good quality drinking water. Total dissolved solids are so high that a family of four, using 50 gallons per person per day runs over 1/2 ton of dissolved minerals through their household plumbing, over their bodies, through their clothes, and for cooking and drinking, in a year. Pipes fill up with deposits, tubs, sinks and stools stain, and it lifts the chrome off faucets. Sulfate levels in some areas are 1300 parts per million or more. Maximum recommended levels are 250 parts per million. Two towns must treat their water to remove excess radium. This deep well water does not meet the latest Drinking Water Quality Standards. But we use it because, in most areas, it is all we have.

Many people cannot drink this water for health reasons, and others refuse to use it because of all of the associated problems. They haul their water from the nearest acceptable source. Costs quoted range from $3.00 to $40.00 per thousand gallons. This water is stored in cisterns and pumped to the house. While this is an expensive alternative, it is a better option than the deep wells for many people.

Federal legislation and regulations compound our problems. The farm bill requires that highly erodable crop land be taken out of production and reverted to grassland. This means that land payments must still be made to the banker, and the county still collects taxes, but we must put livestock on that land if we are to get any income from it, and you can not put livestock out there if you do not have water for them.

I have already stated that our waters do not meet many of the recommended maximum limits for some inorganic contaminants, and there is no cost effective means of treatment that will do the job on these deep well waters.

Proposed water rates to pay for the system, even with a large grant, will be among the highest in the nation for rural water systems, and will be much greater than major cities in the U.S., but our people are willing to pay these high rates to get good water. A rate comparison chart is included with my statement.

Mr. Chairman, Joe Hieb again. I have some exhibits here which you may find interesting.

First, two pieces of pipe taken from the project area. These pipes are typical of the problems with both household and municipal water system piping that carries the deep well water. Note the build-up of mineral deposits and the closing of the pipe. Unfortunately, these two pipes are not exceptions. We see this all too often. The scale in the jar is from a home distiller. Build-up time is two days.

I also have here a sample of this deep well water, taken from a water tap in the project area. What you see, and smell, is what we must use.

Finally, I am submitting a book containing charts, exhibits, resolutions of support and testimony from counties, cities, rural residents of the area and others.

To summarize, we badly need a certain supply of good quality water. Present sources are expensive and do not meet standards for human consumption. We have been engaged in this struggle since 1966, since the Lyman-Jones group organized. We have over 20 years of time, $300,000.00 in locally raised funds and $200,000.00 in state loan money in this effort. Our consultants have completed plans and specifications for tapping into the powerhouse piping at Oahe Dam on the Missouri, and the Corps of Engineers has agreed to this tap, so we have the source for an adequate supply of good quality water. We need your help in getting it to the rural residents and communities who need it so badly. We request your approval of S.1416.

WATER RATE COMPARISON CHART
SELECTED CITIES AND SYSTEMS
Monthly Billing for Gallons Used

System	Min.	2,000	5,000	10,000	15,000	20,000	40,000
	Residential Rate, 3/4 inch meter, based on current rate schedule of system.						
Calif. Water Serv. Co.							
San Mateo	$4.25	6.53	10.34	16.74	23.15	29.55	$58.04
Stockton	$7.45	8.55	11.02	15.26	19.51	23.75	$42.64
Denver, Co.	$3.00	4.66	7.15	11.30	15.45	19.60	$34.60
Fort Worth, Texas	$2.40	5.42	9.95	17.51	25.06	32.61	$58.01
Los Angelos, Calif.	$4.50	6.85	10.38	16.25	22.13	28.00	$51.50
Nashville, Tenn.	$3.13	4.44	12.21	25.16	38.10	51.06	$102.85
Omaha, Neb.	$1.85	3.09	5.02	8.73	12.44	16.15	$35.17
Passaic Valley Water, N.J.	$5.63	7.67	9.77	13.92	18.06	22.21	$38.79
Phoenix, Ar.	$3.92	4.86	6.26	9.34	13.15	17.78	$45.58
St. Paul. Minn.	$1.07	3.48	7.09	13.10	19.12	25.13	$49.20
Salt Lake City, Utah	$5.50	5.50	5.50	6.79	9.34	11.89	$22.09
Seattle, Wash.	$1.40	3.04	5.51	9.62	13.73	17.84	$34.29
Washington, D.C., Suburban San. Comm.	--	1.98	6.25	17.20	27.90	38.20	$78.40
Average	$3.68	4.49	8.19	13.92	19.78	25.67	$50.10
Maximum Varied Systems	$7.45	8.55	12.21	25.16	38.10	51.06	$102.85
LYMAN JONES/ WEST RIVER	$41.50	41.50	49.00	61.50	74.00	86.50	$136.50
OGLALA SIOUX TRIBE	Rates to be set						

Source: Water rate schedules were obtained by telephone from municipal water departments shown in December, 1987.

AVERAGE MONTHLY BILL

RURAL WATER SYSTEMS - SELECTED WESTERN STATES

STATE	MIN.	2000 Gal.	5000 Gal.	7000 Gal.	10,000 gal.
Montana	$ 7.80	$ 8.92	$11.40	$13.17	$15.99
Nebraska	$12.34	$12.34	$17.50	$20.94	$26.10
North Dakota	$22.63	$26.42	$39.10	$46.98	$57.91
South Dakota	$21.50	$24.98	$33.40	$40.86	$48.21
Lyman-Jones/ West River	$41.50	$41.50	$49.00	$54.00	$61.50
Oglala Sioux	Rates Not Set				

Note: Data for the above rate comparison was very difficult to obtain on a basis that would allow a fully equal comparison. Averages were used in order to provide some idea of the water rates being proposed by the Lyman-Jones / West River rural water system and how these rates compare to rates in other states in a similar rural economy.

Source: Rural water associations in the above states

Senator BRADLEY. Thank you.
Mr. Renning.

STATEMENT OF GEORGE RENNING, CHAIRMAN, WEST RIVER RURAL WATER SYSTEM, KADOKA, SD

Mr. RENNING. Mr. Chairman and Members of the Committee, my name is George Renning.

I am a farmer and rancher and live at Kadoka, South Dakota. I have lived there all my life, and I think I am quite familiar with the conditions in that country and the need for water.

I helped with the organization of our rural water system and have been very interested in trying to develop a water system for our area. And the thing I want to make this Committee aware of is the need for a dependable supply of water and the cost of supplying water, and the willingness of the people in this area to pay for good water.

What we are asking this Committee for is the authorization for funding to help us construct this rural water system. And the people who use it are willing to pay the cost of this water.

We have heard a lot about the quality of water and the poor quality of water. That is a foregone fact. You cannot argue about that point. But there has been some discussion as to the cost-benefit ratio of this project and whether it would be feasible to construct a project like that.

But out in our country it costs anywhere from $35,000 to $40,000 to dig a well that will supply a ranch headquarters with water. And if you would, say a $40,000 well, even at a 10 percent interest rate, would cost you $4,000 a year.

If you broke that down into a 12-month bill, you could pay a water bill of pretty near $350 a month and still be ahead, and you would have decent water. At the present time, that is the situation with a lot of the ranch people out there.

They have the deep wells and that is their only dependable source of water. And as we said, it is not a very good source of water. And the water levels in these wells has been dropping all the time. My well has dropped 120 feet in the last 10 years. And some day we are going to be out of water there.

I think that about sums up, well, I might say that the show of need there was when the Lyman-Jones water system signed up their membership they had 90 percent of the rural people sign up. And the West River rural system had about 75 percent of the rural people, and they paid its $300 membership fee, which indicates that they need water and they are willing to pay for it.

We have already spent about $500,000 on engineering and preliminary design and security permit for the source of water. So I think you can say that we are sincere in our effort to get water.

We believe that there has been enough thought and study done to justify this project at the present time. If this legislation can be approved, it will be a tremendous benefit to the people of central western South Dakota, and we would respectfully urge your favorable consideration to this bill. Thank you.

[The prepared statement of Mr. Renning follows:]

Mr. Chairman and Members of the Committee:

My name is George Renning. I am a farmer and rancher and live at Kadoka, South Dakota. I have lived there all my life and am familiar with the conditions in that area.

I helped organize the West River Rural Water System and at the present time am the chairman of the Board of Directors. I am also a director on the West River Water Development District.

The thing I want to make this Committee aware of is the need for a dependable supply of good water in our area, the cost of supplying water and the willingness of the people in the area to pay for good water.

What we are asking this committee for is the authorization for funding to help us construct this rural water system, and the people who use it are willing to help pay for the cost of construction.

It will be very similar to the Rural Electric projects that have been constructed which have proven to be very beneficial to this area and are operating on a profitable basis at the present time.

The rural people and the small towns depend principally on deep wells for a dependable supply of water. The ranchers have dams that furnish water for livestock in the summer but during periods of drought, these dams dry up and people have to haul water for their livestock.

The quality of water from these deep wells is not very good. It contains a lot of magnesium, iron, sodium, and in some instances radium, which requires expensive treatment and filtration systems before it can be used for human consumption. It contains a lot of gypsum in places that collects in the pipes which quickly restricts the flow of water and soon requires new water lines. It is corrosive to plumbing fixtures and water tanks which requires frequent replacement of these things.

The depth of these wells range from 2,000 to 3,500 feet and are quite expensive to dig at the present time. I have a well that is 2880 feet deep and was drilled in 1965 at a cost of $11,000. At the present time a similar well would cost about $45,000 to dig, so you see it costs us a lot of money to furnish water to people and livestock in our area. It is even more costly to the towns which have to dig larger wells. The water level in these wells has been dropping all the time which causes additional costs in pumping. The water level in my own well has dropped 120 feet since it was dug.

Our proposed water system to bring water from the Oahe Dam will provide the people in our area a dependable supply of good water which will be beneficial to the health of the residents and will provide economic benefits by providing sufficient water to the livestock.

As I said before, the people in this area are in need of good water which was indicated when we had our sign up for membership in our Rural Water System. The Lyman-Jones Water System had about 90% of the rural people sign up and the West River Rural Water System had about 75% sign up and pay a membership fee of $300.00 which certainly indicates they are in need of water and are willing to pay for it.

There has been about $500,000.00 already spent on engineering and preliminary design and we have secured a permit for source of water so we are sincere in our desire to get a water system.

If this legislation can be approved, it will be a tremendous benefit to the people of central western South Dakota for years to come and will help them both financially and from a standpoint of health. We would respectfully urge your favorable consideration of this bill.

Thank you,

George Renning

Senator BRADLEY. Thank you very much, Mr. Renning.

Mr. Hustead. I do not have a nickel cup of coffee to offer you. But please, welcome to the Committee.

STATEMENT OF BILL HUSTEAD, CHAIRMAN, WALL CITY COUNCIL, WALL, SD

Mr. HUSTEAD. Thank you, Senator. I am Bill Hustead, proprietor of the Wall Drug Store and Chairman of the Wall City Council. I am also a Commissioner of Transportation for the State of South Dakota.

After the Civil War in 1867, Major General Philipe Regis DeCorybond was appointed Commander of the middle district of the Dakota Territory. When he came up the Missouri River in South Dakota, he referred to the land of the West as the great American desert. And he was wrong.

Our town of Wall was founded on the wall of the Badlands in 1909. Homesteaders proved up on their small holdings and did find that you could barely make it on limited acreages.

By 1931, my mother and father and I lived in the back of a one-room drug store, and we were going broke in the dirty 1930's. Mother had a marvelous idea. Advertise free ice water. This idea saved our store and it saved our town.

At this time there began a tremendous investment by the Federal government, the CC boys arrived, the WPA was instituted, earthen dams to collect runoff water were built, roads were improved, and we went forward with the Soil Conservation Service, the REA, and the invaluable help of the Extension Service.

The Federal government spent millions to develop profitable, knowledgable farm and ranch operations and to bolster our rural community. As you know, Senator Bradley, we have zero unemployment in Wall, South Dakota. In 1987, our community at Wall is very prosperous.

The streets are crowded with cars. Thriving schools, a progressive bank, farmers in 1987 raise 60 bushel wheat and 100 bushel oats. The Wall Drug Store is now the largest drug store in the world.

We are a town of 900 people, and during a busy season we have a gal that gets up in the morning and makes 6,000 doughnuts. We sell thousands of buffalo burgers, hundreds of pair of Sioux moccasins, gallons of that five-cent coffee, along with horse switches, black leg vaccine, and of course dispense lots of free ice water.

On a good day in Wall, South Dakota, we are a town, as I mentioned, of only about 900 people, we stop 20,000 customers a day and use 480,000 gallons of water a day. Our city grossed in the neighborhood of $10 million in sales.

These dollars turn over again and again in South Dakota's economy, and add to that economy to the tune of about $40 million.

The Wall Clinic and the Wall Drug Store are the only medical facilities in a 6,000 square mile area. Without good water, our community is out of business. And I mean definitely out of business. We just cannot let this happen.

This last year our City Council spent $180,000 drilling a new well, and it was a failure. In the next five years, our four wells that

we have, the water level is constantly dropping, and we feel that we are definitely going to be out of water.

Farmers in our area rely on Wall for their drinking water. We provide a backup water supply for the Minuteman missile control centers. We are the second supply of drinking water for the Badlands National Park. And right now we are supplying the Badlands National Park with their water.

Now, gentlemen, keeping western South Dakota's small towns alive, I think it is smart government. Wall alone sends approximately $1.5 million to $2 million in Federal income tax to Washington.

The money that you would spent on this project I feel would come back to you in a few short years. If you save Wall, you save one of the most wholesome institutions in America today, a rural South Dakota town.

I have with me here today from the wall of the Badlands our public works superintendent, Paul Goldhammer. If you have any questions, we certainly would endeavor to answer them.

[The prepared statement of Mr. Hustead follows:]

MY NAME IS BILL HUSTEAD, PROPRIETOR OF THE WALL DRUG STORE, CHAIRMAN WALL CITY COUNCIL, A COMMISSIONER OF TRANSPORTAION STATE OF SOUTH DAKOTA.

I AM HERE TO PRESENT TESTIMONY IN SUPPORT OF THE LYMAN JONES, OGALALA SIOUX WEST RIVER RURAL WATER SYSTEMS AND TO PRESENT YOU WITH FACTS AS TO THE ACUTE SHORTAGE OF POTABLE WATER IN WESTERN SOUTH DAKOTA.

WALL IS A COMMUNITY LOCATED ADJACENT TO INTERSTATE 90 AND IS SEVEN MILES FROM THE WEST ENTRANCE TO THE BADLANDS NATIONAL PARK. IT IS ALSO THE ROUTE TO THE BLACK HILLS AND MOUNT RUSHMORE NATIONAL MEMORIAL.

AS A RESULT OF OUR GEOGRAPHIC LOCATION, WALL PLAYS HOST TO LARGE NUMBERS OF THE TRAVELING PUBLIC DURING THE SUMMER TOURIST SEASON. STUDIES CONDUCTED BY THE CITY OF WALL HAVE DETERMINED THAT AS MANY AS 20,000 TOURISTS PER DAY STOP IN WALL DURING THE PEAK SUMMER SEASON.

THE DEMAND FOR WATER IS AN EXTREMELY HIGH PRIORITY AS THE COMMUNITY NOT ONLY SERVES THE TRAVELING PUBLIC BUT IS THE PRIME SOURCE FOR MANY FARMERS AND RANCHERS IN THE AREA SO DESPERATELY SHORT ON WATER. WE HAVE ALSO PROVIDED THE BACKUP WATER SUPPLY TO THE MINUTEMAN MISSILE CONTROL CENTERS IN THE AREA.

THE CITY OF WALL'S WATER SUPPLY IS TOTALLY DEPENDENT ON DEEP WELLS IN THE LAKOTA AQUIFER AT A DEPTH OF 3200 FEET. TWENTY FIVE YEARS OF CONTINUOUS MONITORING HAS INDICATED THAT THIS IS A VERY LIMITED AQUIFER IN AS MUCH THAT THE WATER LEVEL IS DROPPING AT A CONTINUOUS RATE OF 6 FEET PER YEAR. IT IS PROJECTED THAT IN FIVE YEARS, THREE OF THE PRESENT FOUR WELLS WILL BECOME INOPERABLE.

THE CITY OF WALL IN CO-OPERATION WITH THE SOUTH DAKOTA SCHOOL OF MINES, THE SOUTH DAKOTA GEOLOGICAL SURVEY AND THE UNITED STATES GOELOGICAL SURVEY RECENTLY CONDUCTED AN EXTENSIVE WELL MONITORING STUDY AND THIS INFORMATION CONCLUDED THAT A NEW WELL WAS DESPERATELY NEEDED AND THAT IT SHOULD BE LOCATED AS FAR AWAY AS FEASIBLE FROM THE PRESENT WELL FIELD.

WITH THIS INFORMATION IN MIND THE CITY OF WALL PROCEEDED THIS PAST SUMMER TO DRILL A NEW WELL WITH AN EXPECTED CAPACITY OF APPROXIMATELY TWO HUNDRED GALLONS PER MINUTE. AFTER SPEND $180,000.00 ON DRILLING THIS HOLE, IT WAS DETERMINED THAT THE WELL CAPACITY WAS ONLY 18 GALLON PER MINUTE MAKING IT ECONOMICALLY UNFEASIBLE TO COMPLETE THIS PROJECT. THE DOLLARS SPENT AT THIS POINT ARE TOTALLY UNRECOVERABLE.

WALL AND MANY OTHER WESTERN SOUTH DAKOTA COMMUNITIES AND RANCHES HAVE SPENT HUNDREDS OF THOUSANDS OF DOLLARS IN AN EFFORT TO OBTAIN A DEPENDABLE SAFE SOURCE OF WATER TO NO AVAIL. WESTERN SOUTH DAKOTA HAS A VERY LIMITED SOURCE OF WATER. THE MADISON AQUIFER LOCATED APPROXIMATELY 4400 FEET BELOW SURFACE AT WALL APPEARS TO BE THE ONLY OTHER OPTION IN THE AREA. NOT ONLY IS THE COST OF DRILLING AND DEVELOPING A WELL IN THIS FORMATION BUT COMMUNITIES ALREADY USING THIS SOURCE, AFTER EXTENSIVE TREATMENT, FIND THEY STILL HAVE A VERY POOR QUALITY WATER HIGH IN SOLIDS AND RADIATION. THIS MAKES IT EXTREMELY DIFFICULT AND COSTLY TO TREAT SO TO MEET THE PERIMETERS SET FORTH BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.

THE CITY OF WALL ALONE HAS UTILIZED IN EXCESS OF 3/4 OF A MILLION DOLLARS IN AN EFFORT TO SUCCESSFULLY ESTABLISH A RELIABLE AND ACCEPTABLE SOURCE OF WATER. AT THIS POINT WITH THE INCREASE DEMANDS FOR WATER, THE CITY OF WALL IS IN THE SAME DILEMNA AS IT HAS BEEN FOR THE PAST TWENTY FIVE YEARS.

IN 1931, MY MOTHER AND FATHER AND I LIVED IN THE BACK OF A ONE ROOM DRUG STORE. WE WERE GOING BROKE--WE BEGAN TO ADVERTISE FREE ICE WATER. IN 1987, WE HAD 210 SEASONAL EMPLOYEES, HAVE THE LARGEST DRUG STORE IN THE WORLD, AND GROSSED OVER SIX MILLION DOLLARS. BECAUSE OF THE TURNOVER OF THE TOURIST DOLLARS, WALL'S RETAIL BUSINESS ADDS OVER 40 MILLION A YEAR TO SOUTH DAKOTA'S ECONOMY.

THE WALL CLINIC AND WALL DRUG STORE ARE THE ONLY MEDICAL FACILITIES IN A 6,000 SQUARE MILE AREA.

WITHOUT GOOD WATER, OUR COMMUNITY IS OUT OF BUSINESS.

THE OAHE RESERVOIR ON THE MISSOURI RIVER IN CENTRAL SOUTH DAKOTA OFFER A LARGE ABUNDANCE OF HIGH QUALITY WATER REQUIRING VERY LITTLE TREATMENT AND PROVIDING A DEPENDABLE SOURCE OF EXCELLENT QUALITY WATER TO WESTERN SOUTH DAKOTA FOR GENERATIONS TO COME.

IN CLOSING, I WOULD LIKE TO RE-EMPHASIZE THE TREMENDOUS NEED FOR WATER DEVELOPMENT IN WESTERN SOUTH DAKOTA AND ENCOURAGE YOU TO FAVORABLY CONSIDER OUR REQUEST TO AUTHORIZE THE DEVELOPMENT OF THE LYMAN, JONES, OGALALA SIOUX WEST RIVER RURAL WATER SYSTEM PROJECT.

IF YOU SAVE WALL, YOU SAVE ONE OF THE MOST WHOLESOME INSTITUTIONS IN AMERICA TODAY.....A RURAL SOUTH DAKOTA TOWN.

Bill Hustead

Senator BRADLEY. I have Mark Goldhammer on the next panel.

Mr. HUSTEAD. That is his brother.

Senator BRADLEY. Thank you very much, Mr. Hustead. And I can attest to the coffee and doughnuts. I have not tasted any better.

Mr. American Horse.

STATEMENT OF JOE AMERICAN HORSE, PRESIDENT, OGLALA SIOUX TRIBE, PINE RIDGE, SD

Mr. AMERICAN HORSE. Mr. Chairman, Members of the subcommittee, my name is Joe American Horse. I am the president of the Oglala Sioux Tribe.

On behalf of the Oglala Sioux Tribe I would like to thank you and the Committee for allowing us to testify today in support of this bill. The Oglala Sioux Tribe is the second largest Indian reservation in the United States.

It is located in the Pine Ridge Indian Reservation. The reservation is located in the southwestern portion of the State of South Dakota. The reservation encompasses approximately 3,500 square miles and has an estimated Oglala Sioux population of 20,000 people.

Pine Ridge Indian Reservation is an economically depressed area. According to the 1980 Federal census, the reservation is the poorest area in the United States.

The lack of good water resources, which consist entirely of underlying aquifers and streams, greatly inhibits the development of domestic, livestock, and industrial water needs for the reservation.

Recent tests conducted by the Indian Health Service and performed by the State of South Dakota Department of Water and Natural Resources indicate that many of the reservation's streams and aquifers are bacteriologically unsafe for drinking and washing uncooked foods.

The need for good drinking water is very critical on some portions of the reservation. In addition to the problem of bacteriological and unsafe drinking water existing throughout the reservation, we also have problems on the western end of the reservation where the total water supply is unfit for human consumption.

In addition, there is a shortage of water in many grazing units administered by the Bureau of Indian Affairs for the tribe and individual lottees. Adequate water supply for livestock can make grazing units productive and in turn make the reservation more economically self-sufficient.

The passage of this bill will help alleviate the critical need for good water on the Pine Ridge Indian Reservation. It also will help fulfill the Federal government's responsibility undertaken in Section 8 of the Act of February 28, 1887, which provides that each individual Oglala Sioux shall be protected in his rights of property, person, and life.

This provision is, among other things, a guarantee that in exchange for vast tracts of Sioux territory and hunting rights, the United States would guarantee the Oglala Sioux people adequate health care, including good clean drinking water for human consumption.

I would like to go into Section 1(d) of the Act that provides that nothing in this Act is intended nor shall be construed to preclude Oglala Sioux from seeking additional authorization to plan, design, and construct additional Federally-assisted water resources development projects in the future.

Section 1(e)(5) provides that nothing in this Act shall affect any water rights of any Indian or Indian tribe which were established by the setting aside of a reservation by treaty, executive order, agreement or Act of Congress and that nothing in this Act is intended nor shall be considered to diminish or affect the quantity or quality of water from the Missouri River basin or elsewhere which is owned or claimed by the Oglala Sioux Tribe under aboriginal title, recognized title, or under the Winter's Doctrine.

I would like to go on to this other one. Section 3(a) provides that Section 5 of the Act of September 30, 1982 is made applicable to Pine Ridge Indian Reservation. That Act, commonly known as the WEBB Rural Water Development Act, already authorizes the Western Area Power Administration to sell power to several Sioux tribes in South Dakota.

This amendment to the WEBB Act will allow the Oglala Sioux Tribe to be included and make the Tribe eligible to purchase pumping power for facilities constructed with funds authorized for the Oglala Sioux Rural Water System in Section 4(b) of this Act.

Now, Section 5(b) also provides that design and construction of the Oglala Sioux Rural Water System shall be subject to the provision of Public Law 93-638, the Indian Self-determination and Educational Assistance Act of 1875. All funds appropriated under the Act for the Oglala Sioux Rural Water System shall be grants.

As mentioned by Governor Mickelson, the per capita for individual persons in the Pine Ridge Indian Reservation is almost close to $2,000 per annum.

Section 5(c) provides that all agreement between Oglala Sioux Tribe and any governmental and private entity executed pursuant to or in fulfillment of this Act shall be subject to the approval of the Secretary of the Interior under United States Code 25, Section 81.

Mr. Chairman, S. 1416 represents an example of what can happen when non-Indians and Indians get together in a spirit of cooperation to address similar needs.

The bill has the support of the state legislature, and as Governor Mickelson has mentioned the entire South Dakota Congressional delegation, and also the Oglala Sioux Tribe has also passed a resolution endorsing the bill and Governor Mickelson's water initiative.

I want to thank you very much at this time. Thank you very much, sir.

[The prepared statement of Mr. American Horse follows:]

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TESTIMONY OF THE

HONORABLE JOE AMERICAN HORSE

PRESIDENT, OGLALA SIOUX TRIBE

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES

SUBCOMMITTEE ON WATER AND POWER

December 15, 1987

Oglala Sioux Tribe

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JOE AMERICAN HORSE

Mr. Chairman and Honorable Members of the Subcommittee:

My name is Joe American Horse. I am the President of the Oglala Sioux Tribe.

On behalf of the Oglala Sioux Tribe, I would like to thank you and the committee for allowing me to testify today in support of S. 1416, a bill to authorize the Lyman-Jones, West River and Oglala Sioux Rural Water Development Projects.

The Oglala Sioux Tribe is the second largest Indian tribe in the United States and is located on the Pine Ridge Indian Reservation. The Reservation is located in the southwestern portion of the State of South Dakota. The reservation encompasses approximately 3,500 square miles and has an estimated reservation Indian population of 20,000 persons.

The Pine Ridge Indian Reservation is an economically depressed area. According to the 1980 Federal Census, the reservation is the poorest area in the United States. The lack of good water resources--which consists almost entirely of underlying aquifers and streams--greatly inhibits the development of domestic, livestock and industrial water needs of the Reservation. Recent tests conducted by Indian Health Service and performed by the South Dakota State Department of Water and Natural Resources indicates that many of the reservation streams and aquifers are "bacteriologically unsafe for drinking or washing uncooked foods."

A reservation survey was done on April 16, 1987 by the Indian Health Service in accordance with the Safe Drinking Water Act. This survey indicates that a lift station (operated jointly by the Bureau of Indian Affairs and Indian Health Service) designed and constructed to pump sewage to a Pine Ridge treatment lagoon cells was not operational and raw sewage was being dumped into White Clay Creek. Both livestock and humans have been and are currently using White Clay Creek for drinking water. White Clay Creek also runs into the Oglala Reservior, which is also used to water livestock and for recreation such as fishing. Indian people have been consuming fish caught there.

The need for good drinking water is very critical on some portions of the Reservation. In addition to the problem of bacteriologically unsafe drinking water existing throughout the Reservation, we also have a problem on the western end of the Reservation where the total water supply is unfit for human consumption and contains fecal coliform, radau, raw sewage, alkalinity, and magnesium and other selected metals. Indian people still have to haul their water daily in buckets and cream cans.

In addition, there is a shortage of water on many grazing units administered by the Bureau of Indian Affairs for the Tribe and individual allottees and their heirs. It is difficult to get full utilization of these grazing units, since the cattle have a tendency to stay near water holes in the summer and overgraze those areas while leaving other areas ungrazed. An adequate water supply for livestock can make all grazing units productive and in turn make the Reservation more economically self-sufficient.

The passage of S. 1416 will help alleviate the critical need for good water on the Pine Ridge Indian Reservation. It would also help fulfill the Federal Government's responsibility undertaken in Section 8 of the Act of February 28, 1887 (19 Stat. 254) which provides that "each individual (Oglala Sioux) shall be protected in his rights of property, person and life." This provision is, among other things, a guarantee that--in exchange for vast tracts of Sioux territory and hunting rights--the United States would guarantee the Oglala Sioux people adequate health care, including good clean water for human consumption to protect the Oglala Sioux people in their persons and lives.

SECTION BY SECTION ANALYSIS

SECTION 1

Section 1 (a)(2) declares that the purpose of the bill to meet the domestic and livestock water needs of the Pine Ridge Indian Reservation.

Section 1 (c) authorizes the Secretary of the Interior to direct planning and construction of a municipal, rural and industrial water treatment and distribution system for the Oglala Sioux Tribe to meet the economic, public health and environmental needs of the Pine Ridge Indian Reservation, including such off-reservation facilities as are necessary to assure an adequate water supply for the Reservation.

Section 1 (d) provides that nothing in the Act is intended, nor shall be construed, to preclude the Oglala Sioux Tribe from seeking congressional authorization to plan,

design and construct additional federally-assisted water resource development project in the future.

Section 1 (e)(5) provides that nothing in the Act shall affect any water rights of any Indian or Indian tribe which were established by the setting aside of a reservation by treaty, executive order, agreement or Act of Congress and that nothing in the Act is intended, nor shall be considered to diminish or affect the quantity or quality of water from the Missouri River basin or elsewhere which is owned or claimed by the Oglala Sioux Tribe under aboriginal title, recognized title or under the Winter's Doctrine.

SECTION 2

Section 2 (b) describes the service area of the Oglala Sioux Rural Water System as the boundaries of the Pine Ridge Indian Reservation and any area near or adjacent thereto which the Secretary of the Interior may approve to maximize the project benefits.

Section 2 (b) also provides that notwithstanding the service area boundary, the facilities provided for the Oglala Sioux Rural Water System may include capital contributions toward water supply and transmission facilities of the Lyman-Jones or West River Rural Water Systems by the Oglala Sioux Rural Water System and that the Secretary of the Interior shall recognize promulgated rules and regulations such contributions in setting water rates charged to the Oglala Sioux Rural Water System by the Lyman-Jones/West River Rural Water Systems.

Section 2 (c) provides that facilities authorized under the Act of rural water systems, including the Oglala Sioux Rural Water System, shall include water intake, pumping, treatment, storage and pipeline facilities, appurtenant buildings and access roads, necessary property and property rights, electrical power transmission and distribution facilities necessary for service to water system facilities, planning and design services for all facilities, and other facilities and services customary to the development of rural water distribution systems in South Dakota.

Section 2 (d) provides that--in addition to the facilities authorized in Section 2 (c)--the Oglala Sioux Rural Water System shall also include such other facilities as are necessary to meet the domestic, municipal, livestock and industrial water needs of the Pine Ridge Indian Reservation; including but not limited to purchase, improvement or repair of water storage tanks, water lines and other facilities for the Oglala Sioux Tribe and reservation villages, towns and municipalities.

Section 2 (d) also provides that the Secretary of the Interior shall provide technical assistance as may be necessary to the Oglala Sioux Tribe to plan, develop, construct and operate the Oglala Sioux Rural Water System, including operation and management training.

Section 2 (e) also provides that the Secretary of the Interior may--when benefits will not be decreased and costs will be reduced--authorize with the consent of the rural water system affected changes in project plans, including changes of water sources. No change can, however, result in delivery of water to any project beneficiary which is substandard to the quality of water provided from Lake Oahe in South Dakota.

SECTION 3

Section 3 (a) provides that Section 5 of the Act of September 30, 1982 (96 Stat. 1182) is made applicable to the Pine Ridge Indian Reservation. That Act, commonly known as the WEBB Rural Water Development Act, already authorizes the Western Area Power Administration (WAPA) to sell power to several Sioux tribes in South Dakota. This amendment to the WEBB Act will allow the Oglala Sioux Tribe to be included and make the Tribe eligible to purchase pumping power for facilities constructed with funds authorized for the Oglala Sioux Rural Water System in Section 4 (b) of the Act.

SECTION 4

Section 4 (b) authorizes an appropriation of $35 million for carrying out the provisions of Section 1 (c) of the Act, the provision relating to the planning and construction of the Oglala Sioux Rural Water System. Section 4 (c) further authorizes an adjustment, plus or minus, in the $35 million appropriation as may be justified by reason of ordinary fluctuations in development costs incurred after January 1, 1987, as indicated by the engineering cost indices applicable to the types of construction involved.

SECTION 5

Section 5 (b) authorizes the Secretary of the Interior to use funds appropriated for the Oglala Sioux Rural Water System under Section 4 (b) of the Act to provide financial assistance to plan, develop and construct the Oglala Sioux Rural Water System on the Pine Ridge Indian Reservation.

Section 5 (b) also provides that the design and construction of the Oglala Sioux Rural Water System shall be

subject to the provisions of Public Law 93-638 (25 U.S.C. 450 et seq.), the Indian Self-Determination and Educational Assistance Act of 1875. All funds appropriated under the Act for the Oglala Sioux Rural Water System shall be grants.

Section 5 (b) also provides that the Oglala Sioux Rural Water System, including electrical power facilities, shall be owned and operated by the Oglala Sioux Tribe. The Tribe, however, is prohibited from selling, mortgaging or otherwise encumbering the system without the approval of the Oglala Sioux tribal membership in a referendum election conducted by the Secretary of the Interior.

Section 5 (c) provides that all agreements between the Oglala Sioux Tribe and any governmental or private entity executed pursuant to or in fulfillment of the Act shall be subject to the approval of the Secretary of the Interior pursuant to 25 U.S.C. 81.

Mr. Chairman, S. 1416 represents an example of what can happen when non-Indians and Indians get together in the spirit of cooperation to address similar needs. The bill has the support of the South Dakota legislature, Governor George Mickleson, and the entire South Dakota Congressional delegation. The Oglala Sioux Tribal Council has also passed a resolution endorsing the bill. Our own tribal people drafted all the sections of the bill relating to the Oglala Sioux Rural Water System and we are satisfied that the bill addresses our critical water needs while protecting our rights.

Senator BRADLEY. Thank you.
Mr. Vitalis.

STATEMENT OF WADE VITALIS, DEPARTMENT OF NATURAL RESOURCES, OGLALA SIOUX TRIBE, PINE RIDGE, SD

Mr. VITALIS. Thank you. My name is Wade Vitalis. I am with the Natural Resource Regulatory Agency for the Oglala Sioux Tribe.

It has been known in South Dakota for a long time that we have a problem with good quality water in western South Dakota and the Pine Ridge Reservation.

It is kind of hard for people in Washington to realize that when all they have to do is turn a tap on and they get good clean water, when our people are hauling water 20 miles just to get a good drink of water.

Water tests done by the Indian Health Service and EPA have revealed radium levels at community wells on the reservation exceeding maximum Federal safety levels. Water tests taken on the northwest corner of the reservation showed levels of 19 gross alpha, exceeding the maximum Federal safety level of 15.

A well at the community of Slim Buttes revealed a level of 50 in a gross alpha test. Over protests of residents who wanted water trucked in and felt the exercise of digging a new well into the same aquifer would be futile.

The Indian Health Service, in an attempt to remedy the situation, dug four wells. The results were two wells went dry, one well caved in, and the fourth well showed radium level of 70 gross alpha, the highest level on the Pine Ridge Reservation discovered yet. The government's response was that the people should move or haul water from elsewhere.

High gross alpha levels have also been found at two other communities in the central part of the reservation. Also in the community of Oglala, which is also on the western side of the reservation, it has been confirmed to have radiation and nitrate pollution.

Slim Buttes, Oglala, and Redshirts, as I said, where radiation has already been revealed, are on the westernmost communities of the reservation and the closest to the Black Hills development area.

There are privately-owned wells that are producing water. But they are unfit to drink. They use it for washing their clothes, washing utensils. And that is all it is good for. In most cases it is unfit for livestock production, which is a major source of income for the Oglala Sioux Tribe.

Last year the Oglala Sioux Tribe lost $649,000 in revenue from range units that could not be leased because there was no water available to produce livestock on them. The ranchers just will not lease them if there is no water for the animals to drink and they have to haul water.

We are also aware of water tests for bacteriological contamination throughout the reservation that have failed miserably. Our office is in the process of collecting this information and will submit a summary of the testing with the supplementary testimony.

I think it will benefit the tribes in South Dakota economically, stabilizing in economic development. And that is very important

for a state that has two counties that are considered the second and third poorest counties in the United States.

It is not only going to help economically, but it will help healthwise. It is a matter of health for our people that we get good quality drinking water. And I think that is one of the most important issues that we should be looking at. Thank you.

Senator BRADLEY. Thank you very much, and the whole panel.

If I could, I would like to ask a few questions, and then I will have to go, and then Senator Conrad of North Dakota will take over the remainder of the hearing.

Mr. Renning, could you tell me, how much do you pay for your water every year?

Mr. RENNING. How much do I pay for my water?

Senator BRADLEY. Now.

Mr. RENNING. I have a well that is 2,880 feet deep that was dug in 1965, and the well at that time cost me $11,000, in 1965.

A comparable well to dig today would cost between $40,000 and $45,000, if I had to replace it. I have a separate meter on this well, and it costs me in the neighborhood of $400 a year for electricity, and I am quite fortunate on pumps.

A pump will last me three or four years, and pumps cost anywhere from $400 to $700. And that is about what it costs me to produce water out of my well.

Senator BRADLEY. So it costs you annually about what? $500?

Mr. RENNING. Well, right now I suppose if you amortized the cost of the well, it has gone down quite a lot. But the actual cash expense for a well would be possibly——

Senator BRADLEY. Just give me ballpark. You do not have to feel like this has got to be done to the cent.

Mr. RENNING. Pardon?

Senator BRADLEY. Just give me an estimate.

Mr. RENNING. An estimate, I would say an estimate would be easily $1,000 that a person gets into a well with repairs, electricity, and that type of thing.

Senator BRADLEY. And do you have any idea what the water would cost under this Lyman-Jones West River? You do not have to get the number. But it will be less for you?

Mr. RENNING. The projected water rate on the Lyman-Jones West River is $41.50 for 2,000 gallons of water, and $2.50 a thousand above that. And you could buy 40,000 gallons of water for $136 a month.

So you could buy 40,000 gallons of water a month for $136. If it costs me $1,000 a year to run a well, that is roughly $90 a month, I could pump 20,000 gallons, I could buy 20,000 gallons of water for about the same price as it costs me to run one.

Senator BRADLEY. It is going to cost you a little more.

Mr. RENNING. It is going to cost me out of the pocket every month. But if you amortize the cost of your water system, over the years it is going to be cheaper to buy water from the rural water system.

Because like I say, if you have to dig a new well, once you have got your investment in it, that is behind you now. But if I had to go dig a new well, it would cost me $40,000. And the livestock dams that we have are, they become silted in, they get to be a poorer

source of water every year and an undependable source of water when you have dry conditions.

Senator BRADLEY. Could I ask Mr. American Horse, if this was built, what do you see as the biggest advantage to the tribe?

Mr. AMERICAN HORSE. Mr. Chairman, thank you. As mentioned in that testimony, not only human consumption but for our livestock. Pine Ridge Reservation is nothing but good for grazing, and like Mr. Vitalis mentioned, we lost a lot of revenue because we cannot lease the land.

Also it is going to increase the health of our Indian people.

Senator BRADLEY. So basically health and grazing revenue.

Mr. AMERICAN HORSE. Yes, it would be, sir.

Senator BRADLEY. And Mr. Hustead, do you have adequate water supply now?

Mr. HUSTEAD. We have good water in Wall. We have cheap water in Wall. We are going to run out of it.

Senator BRADLEY. Where do you get it now?

Mr. HUSTEAD. We get it from deep wells.

Senator BRADLEY. Deep wells.

Mr. HUSTEAD. The water level is dropping, and just as I mentioned, we drilled a brand new well and we did not hit any water.

Senator BRADLEY. You mean you spent $40,000?

Mr. HUSTEAD. We spent $180,000 on a well, and we managed to get 18 gallons a minute, which made it unfeasible to pump.

Our other wells, which are all paid for, the water level is dropping and eventually we are going to break suction on them. And we can see down the road that we are going to run out of water.

And what would it be worth to us? My electricity bill at the Wall Drug Store, $12,000 a month, I would be glad to pay $12,000 a month for good water if I did not have it. Because it means one thing. If I do not have it I am out of business.

Senator BRADLEY. As you estimate how long your wells have, have you had anyone take a look at that?

Mr. HUSTEAD. Senator, we feel that in five years that we are going to be in trouble.

Senator BRADLEY. Five to six years.

Mr. HUSTEAD. Five or six years.

Senator BRADLEY. Well, Mr. Hieb, I saw you, I want to make sure you have a chance to say any last things.

Mr. HIEB. Yes, sir, Senator. We have some exhibits here that we would like to show you, that we feel that you would find interesting. It is some pipe and some water.

Senator BRADLEY. I have taken showers in some of this water. You do not have to show me the water.

Mr. HIEB. But the pipe, have you seen the pipe? That is gypsum in that pipe.

Senator BRADLEY. What is this? Tell me what this is.

Mr. HIEB. That is what happens when the water we have in our wells goes through pipe. It collects in there.

Senator BRADLEY. What is the substance?

Mr. HIEB. Gypsum, I believe, is what it is. The engineers have got a word for it.

And the other pipe, that union there that you see, that has got rust and mineral that is collecting in there. That eventually plugs the pipe.

And the other pipe, that is a piece of pipe that came out of my son's well southwest of Reliance. It has been in the ground two years in the water, and it is chewed up. It is corrosive.

Our people do not put this water in their cooling systems in their tractors, cars, or trucks because the corrosive value of the water destroys it. But still we have to drink it.

Senator BRADLEY. What is this, deposit from purifier?

Mr. HUSTEAD. Yes, that is from distillers. The deposits after you distill water for two weeks.

Senator BRADLEY. You mean this comes out of the water?

Mr. HUSTEAD. That comes out of the water.

Senator BRADLEY. This is this rock that Senator Daschle was showing me?

Mr. HUSTEAD. Yes, right. And then we have a book with some pictures in it. It is a book like this. And also I would like to submit this study, engineering study which includes the Oglala Sioux Tribe.

Senator BRADLEY. So there is a study now. So when the Bureau of Reclamation was here saying they had no study, you do have a study.

Mr. HUSTEAD. Yes.

Senator BRADLEY. So they now have six months. If there is a Bureau member in the audience. If we could have that, I would appreciate that very much.

Well, let me thank all of you very much for taking the time to come all the way here for the hearing. I would like, if you do not mind, if I could submit some questions to you in writing to get responses from you, if things come up in the next day or so. And then you could be informed of what those questions are and you could get them back to the record.

Senator Conrad, do you have any questions for this panel? Or should we move on?

Senator CONRAD. Given the lateness of the hour, we better move on.

Senator BRADLEY. Thank you. Our next panel is Mr. Leo Holzbauer, Chairman, Lake Andes-Wagner Water Systems, Steve Cournoyer, Chairman of the Yankton-Sioux Tribal Council, Marc Goldhammer, Lake Andes-Wagner Irrigation Project, and Louie Archambeau, Yankton Sioux Council Member.

Welcome to the subcommittee, gentlemen. And the subcommittee will be taken over by Senator Conrad. I am very sorry, I have to go to a tax conference of the budget bill. So, thank you.

Your statements will be in the record in full. And Senator Conrad will pursue the issues with his usual astute line of questioning. And the record will be fully developed, I am sure.

Welcome to the Committee, Mr. Holzbauer.

STATEMENT OF LEO HOLZBAUER, CHAIRMAN, LAKE ANDES-WAGNER WATER SYSTEMS, INC., WAGNER, SD

Mr. HOLZBAUER. Mr. Chairman, my name is Leo Holzbauer. I am the Chairman of the Lake Andes-Wagner Water Systems, Inc.

I want to thank you for taking the time to conduct this hearing and to allow us the opportunity to present our testimony.

I am here today testifying together with the Chairman of the Yankton Sioux Tribe and the member of the Business and Claims Committee because we are working together back in South Dakota to resolve our economic problems.

We are here testifying together, because we fully recognize the needs to join forces in order to accomplish our mutual objectives, a better quality of life for our respective people.

Clearly we have had longstanding historical cultural differences. But we know these differences must be set aside to build a better future for all concerned.

We know that the Lake Andes-Wagner Yankton Sioux project will not solve all of our problems. But it will provide substantial benefits and it will greatly contribute to our overall objective.

We know that we will have differences in the future. But we also know that it is imperative for the Lake Andes-Wagner people and the Yankton Sioux people to stand together and work together whenever and wherever possible to improve our standard of living.

We all are a part of the same community, and some of us have attended the same schools together. We know that we have a chance to succeed if we work together. And we know that we will fall if we do not cooperate.

We are in a position to move forward, and we ask you to join us in this effort of supporting this project. Mr. Chairman, I want to emphasize that the members of the Lake Andes-Wagner Water Systems Inc. are small family farmers working together and working hard to meet the challenges of the future.

We are not farmers and ranchers because it is fun, but because we want to help meet the needs of America and worldwide consumers, and because we believe in our rural way of life.

We plant crops because we want to harvest them and market them. Oftentimes, however, we cannot harvest our plantings because we are hit by frequent periods of drought. When that happens, we all suffer substantially. And the Lake Andes-Wagner and the Yankton Sioux project will help us overcome this problem.

I also want to emphasize that we fully recognize the changing nature of the agricultural industry. We must adapt to such changes in order to survive. We have no intention of irrigating surplus crops from fencerow to fencerow. Instead we want to diversify and develop multi-faceted operations to meet market needs.

We are pursuing limited irrigation in order to stabilize our feed supply for our livestock operations. We are pursuing limited irrigation to begin developing speciality crops such as potatoes. And we are pursuing limited irrigation as one of the many tools in diversified farm and ranch operations.

With such tools, we can bring in new agricultural processing industries and provide a stronger economic base for our community.

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In order to further diversify, we are also pursuing other ventures, including tree farming, fish farming, and birdseed production.

We can now move forward with new ventures as an add-on to limited irrigation and livestock operation. I am convinced that we can meet the challenges before us and provide substantial benefits to all concerned.

In conclusion, Mr. Chairman, there is no value in planting a crop if we cannot harvest it. Likewise, there is little value in planning a project like the Lake Andes-Wagner and the Yankton Sioux project if we cannot build it.

We hope you will help us in our attempt to build the Lake Andes-Wagner and the Yankton Sioux project so that we can plant and harvest our crops, and so we can diversify and meet the agricultural challenges, and so that we can all work together to build a better future for our children.

Again I want to thank you sincerely for participating, and I hope your understanding. Thank you.

[The prepared statement of Mr. Holzbauer follows:]

STATEMENT OF

LEO HOLZBAUER

CHAIRMAN

LAKE ANDES-WAGNER SYSTEM, INC.

ON S. 1431

LAKE ANDES-WAGNER/YANKTON SIOUX PROJECT

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

COMMITTEE ON ENERGY AND NATURAL RESOURCES

UNITED STATES SENATE

DECEMBER 15, 1987

Mr. Chairman, my name is Leo Holzbauer, and I am the Chairman of the Lake Andes-Wagner Water System, Inc. I want to thank you for taking the time to conduct this hearing, and allowing us the opportunity to present our testimony.

I am here today testifying together with the Chairman of the Yankton Sioux Tribe and member of the Business and Claims Committee because we are working together back in South Dakota to resolve our economic problems. We are here testifying together because we fully recognize the need to join forces in order to accomplish our mutual objective: a better quality of life for our respective people.

Clearly, we have had longstanding historical and cultural differences, but we know these differences must be set aside to build a better future for all concerned. We know that the Lake Andes-Wagner/Yankton Sioux project will not solve all of our problems, but it will provide substantial benefits and it will greatly contribute to our overall objective. We know that we will have differences in the future, but we also know that it is imperative for the Lake Andes-Wagner people and the Yankton Sioux people to stand together and work together whenever and where ever possible to improve our standard of living. We are all part of the same community, and some of us have attended the same schools together. We know that we have a chance to succeed if we

work together, and we know that we will fail if we do not cooperate. We are in a position to move forward, and we ask you to join us in such efforts by supporting this project.

Mr. Chairman, I want to emphasize that the members of the Lake Andes-Wagner Water Systems, Inc. are small, family farmers willing to work hard to meet the challenges of the future. We are not farmers and ranchers because it is fun, but because we want to help meet the needs of the American and world-wide consumer and because we believe in our rural way of life. We plant crops because we want to harvest and market them. Oftentimes, however, we cannot harvest our plantings because we our hit by frequent periods of drought. When that happens, we all suffer tremendously. The Lake Andes-Wagner/Yankton Sioux project will help us overcome this problem.

I also want to emphasize that we fully recognize the changing nature of the agricultural industry. We must adapt to such changes in order to survive. We have no intention of irrigating surplus crops from fence row to fence row. Instead, we want to diversify and develop multi-faceted operations to meet market needs. We are pursuing limited irrigation in order to stabilize our feed supply for livestock operations. We are pursuing limited irrigation to begin developing speciality crops such as potatoes. We are pursuing limited irrigation as one of many tools in a diversified farm/ranch operation. With such tools, we

tools, we can bring in new agricultural processing industries and provide a stronger economic base for our community.

In order to further diversify, we are also pursuing other ventures including tree farming, fish farming, and bird seed production. If we can move forward with these new ventures as an add-on to limited irrigation and livestock operations, I am confident we can meet the challenges before us and provide substantial benefits to all concerned.

In conclusion, Mr. Chairman, there is little value in planting a crop if we cannot harvest it. Likewise, there is little value in planning a project like the Lake Andes-Wagner/Yankton Sioux project if we cannot build it. We hope you will help us in our attempt to build the Lake Andes-Wagner/Yankton Sioux project so that we can plant and harvest our crops, so that we can diversify and meet the agricultural challenge, and so that we can all work together to build a better future for our children.

Again, I want to thank you for your time, and sincerely appreciate your understanding.

Senator CONRAD. Thank you very much.

Let's proceed with Mr. Cournoyer. Let's proceed with your statement and we'll finish with the rest of the panel and then go back to the panel for questions.

I welcome you here today. I appreciate your taking the time to come.

STATEMENT OF STEPHEN N. COURNOYER, CHAIRMAN, YANKTON SIOUX TRIBE, MARTY, SD

Mr. COURNOYER. My name is Steven Cournoyer, Junior. I'm chairman of the Yankton-Sioux Tribe. I am here in support of the Lake Andes-Wagner Marty II irrigation projects introduced before the House June 11th, 1987, by the Honorable Tim Johnson and presented to the President by Senator Tom Daschle. These presentations are already part of the Congressional Record.

In reading through the Pick-Sloan Missouri River Basin program authorized by the Flood Control Act of 1944, the O'Mahoney-Milliken Amendment, and Congress' reaffirmation through the Water Resources Development Act of 1986, I'm wondering why it is taking so long for South Dakota to receive any benefits from the Pick-Sloan program.

The original expectations of the Pick-Sloan program have by far exceeded their goals and expectations for the lower basin states. The lower basin states have been able to utilize thousands of acres because of flood control prevention.

They also receive thousands of dollars through the Pick-Sloan program for irrigation and no payback costs because navigation was part of the Pick-Sloan program in that area.

The state of South Dakota has four mainstem dams located within the state, yet receives little recognition or benefits for our people. The loss of thousands of acres of farm production, declining farm operations, population and loss of millions of dollars of agricultural-related revenues have flowed through our state and reservation, along with electricity that provides lower basin states with cheap electricity.

I feel our tribe and state are ready for the development of the Pick-Sloan plan. In many cases it is probably too late, but in other cases it may mean the survival of the family farmer.

Many farmers are elderly now and their younger generation is not interested in carrying on their operation because of the farm economy, are just not interested in present farming trends.

Irrigation would create a new trend with added interest for the younger generation because of new specialty crops and additional yields of present crops. Contrary to the popular belief that additional irrigation would add to the surplus grain market, it is unfair for our area because of the livestock fed in our area.

This irrigation project would mean more livestock being fed. Specialty crops or other agricultural businesses would be able to expand, creating jobs, opportunities for members of our community, both Indian and non-Indian. With 85 percent unemployment on the reservation, there is nowhere to turn.

All we have is our natural resources, our people's land, mineral and water rights. But if we do not use our water rights, how much longer can we claim them?

The Fort Randall Dam and Reservoir is a wonderful facility, but the impact to our area's economy the past 35 years is frightening. The loss of prime land was bad enough, but the loss of revenue the past years is what really hurts the families of our tribe.

We only have about 36,000 acres of land on our reservation, and most of us are too poor or cannot get credit to farm our land. As a tribe we are trained to establish a farm and livestock business, and the added irrigation would really help.

We are working with small numbers of livestock at the present time and are planning on expanding as funds are available. Most of my people are unemployed and they have to exist on general assistance or child welfare. This is wrong for people who have pride or to have pride.

We support the Lake Andes-Wagner Marty II legislation because we see a new opportunity for jobs and self-worth. The specialty crops would become a big thing in this area, with the processing plant being planned.

The Yankton-Sioux people, once a proud and noble race that roamed free, are now found with alcoholism, unemployment, and depression. We are looking forward to the Lake Andes-Wagner Marty II projects to breathe new life for our people.

As chairman of the Yankton-Sioux Tribe, I am concerned about the future and survival of the Yankton-Sioux Tribe. And I would like to add to that, I myself was a farmer back on the reservation. I farmed for ten years, running my own operation.

I was also developing irrigation, and I went out of business in 1983 because three years in a row I couldn't pay back my operating loan. It got difficult as time went on. So being a young person, I thought that I would get out of that business and get into something else.

And now in 1987, I do not regret what I did, knowing that I gave it my best shot, and I no longer myself feel that I would go back into farming. But I think as a tribal farm, we would have a chance of developing more jobs for our people with specialty crops, a feedlot.

You know, the surplus grain that was talked about by the Commissioner from the Bureau of Reclamation, most of our grain raised on our reservation or in our area would be fed to livestock, poultry, and I do not feel that there is that much of a surplus there.

Another thing that he referred to is that our feasibility study was not completed. We feel that we are close enough to the Lake Andes-Wagner project that their statistics apply to our project, and our project is only 3,000 acres or less than 3,000 acres.

And as far as an environmental impact survey, presently all the lands that are in our proposed project is farmable right now or is being farmed. There would be no new land that would be added to this project.

And most of the land is either class one and there is some class two and class three farm ground in there. But I think it is all far-

mable and I think the production received from irrigation would be quite a bit beneficial to the tribe.

And another thing, since he kind of ran our project down along with Lake Andes-Wagner, in our area we talk about the BIA. It's another federal agency, the Bureau of Indian Affairs. But on the reservation some of our Indian people say it stands for "Bossing Indians Around."

And I think the Bureau of Reclamation, the BOR, kind of stands for "Blocking Our Resources," and I am opposed to that.

So in conclusion, thank you for your time.

[The prepared statement of Mr. Cournoyer follows:]

YANKTON SIOUX TRIBE

BOX 248
MARTY, SO. DAK., 57361
384-3804 / 384-5687

Honorable Senator Bill Bradley, Members of the Committee:

Stephen N. Cournoyer, Jr.
Chairman, Yankton Sioux Tribe
Member of the Great Sioux Nation

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I feel our Tribe and State are ready for the Development under the Pick Sloan plan. In many cases it is probably to late but in other cases it could mean the survival of the family farm. Many farmers are elderly now and the younger generation is not interested in carrying on their operations because of the farm economy, or just not interested in present farm trends. Irrigation would create a new trend with added interests by the younger generation because of new specialty crops and additional yields of present crops. Contrary to the popular belief that additional irrigation would add to the surplus grain market is unfair for our

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STEPHEN COURNOYER, JR
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MICHAEL RED LIGHTNING

BUSINESS & CLAIMS COMMITTEE Y S T

JOHN PACKARD
WESLEY HARE, JR.
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area because of the livestock fed in our area. This irrigation project would mean more livestock being fed, specialty crops and other Agricultural business being able to expand; creating job opportunities for members of our community both Indian and non-Indians. With 85% unemployment on the reservation, there is no where to turn, all we have is our natural resources, our people's land, minerals and water rights but if we don't use our water rights, how much longer can we claim them?

The Fort Randall Dam and Reservoir is a wonderful facility but the impact to our area economy the past 35 years is frightening. The loss of the prime land was bad enough but the loss of revenue the past years is what really hurts the families of our tribe.

We only have about 36,000 acres of land on our reservation and most of us are to poor or cannot get credit to farm our land. As a tribe we are trying to establish a farming and livestock business and the added irrigation would really help. We are working with small numbers of livestock at the present time and are planning on expanding as funds are available.

Most of my people are unemployed and they have to exist on general assistance and child welfare. This is the wrong way for people to have pride. We support the Lake Andes Wagner/Marty II Legislation because we see new opportunity for jobs and self worth. The specialty crops could become a big thing in this area with the processing plant being planned.

The Sioux people once a proud and Noble race that roamed free are now found with alcoholism, unemployment and depression. We are looking forward to the Lake Andes Wagner/Marty II Projects to breath new life for our people.

As Chairman of the Yankton Sioux Tribe, I am concerned about the future and survival of the Yankton Sioux Tribe.

Stephen N. Cournoyer, Jr.

Stephen N. Cournoyer, Jr., Chairman
Yankton Sioux Tribe
P.O. Box 248
Marty, South Dakota 57361

Senator CONRAD. Thank you.

Perhaps we can go now to Mr. Goldhammer, who is the manager of the Lake Andes-Wagner irrigation project.

STATEMENT OF MARC GOLDHAMMER, MANAGER, LAKE ANDES-WAGNER WATER SYSTEMS, INC., WAGNER, SD

Mr. GOLDHAMMER. Thank you, Senator Conrad and, I hope, other members of the Committee in their deliberations. I want to thank you for the opportunity to testify before the Subcommittee today. We understand how very difficult it is to schedule a hearing so late in this Congressional session.

The legislation before you today, S. 1431, would authorize the development of the Lake Andes-Wagner Marty II project. It is a total of 48,000 acres irrigation project, 45,000 being in the Lake Andes-Wagner project and the other 3,000 acres in the Marty II portion.

And I thought that was important to point that out so that you know that there are actually two projects under one piece of legislation.

The soil and the topography of this area are well suited for sprinkler irrigation and the Missouri River stored water is considered excellent water for domestic and irrigation uses.

Our part of the country is characterized by unpredictable rainfall and repeated drought conditions. Hardly a summer passes without an extended dry period. We need this irrigation development to provide an adequate and stable water supply for our principal economic base, agriculture, by which we mean the cultivation of agricultural crops and the feeding of livestock, the latter of which contributes 80 percent to income in Charles Mix County, where the two projects are located.

This new project is economically feasible and environmentally sound. The legislation also includes a 29 percent cost-sharing proposal by the state and local governments.

With such low income levels and the economic devastation we have suffered in recent years, we are clearly committing all of our available resources to this project. We are trying desperately to reverse the outmigration of our population, which has been reduced 58 percent since 1950.

The Marty II part of our project is directly intended to assist the hard-pressed Yankton-Sioux Tribe, about which you are hearing more from Steve and Louis here today.

The Lake Andes-Wagner proposal grows out of and is a part of the Pick-Sloan Missouri Basin program, which was authorized by Congress in the Flood Control Act of 1944. Extensive discussions and analysis of an irrigation project considerably larger than the one contained in S. 1431 occurred during the sixties.

These discussions involved the federal government through the U.S. Bureau of Reclamation and local and state interests. The Lake Andes-Wagner unit was then investigated pursuant to a feasibility study authorized by Congress in 1972.

The specific proposal before you today took shape in the 1970's and early 1980's, and in 1985 the Bureau of Reclamation published a detailed planning report and final environmental impact statement on the Lake Andes-Wagner unit of Pick-Sloan.

That document is an excellent source of detailed information on the project, and I am sure the Subcommittee and its staff are familiar with it.

We believe it is important to note as well that this legislation in section 2(e) also addresses and eliminates the so-called double subsidy issue with respect to crops that will be raised with the benefit of irrigation from this project.

The project has the support of local, regional, and state interests and officials. You have before you a number of written expressions of this support, as well as Governor Mickelson's oral statement given to you today.

I would like to hand you now a strong statement of support from the Midwest Electric Consumers Association, which represents three million consumers of electricity in nine Midwestern states. And we were asked to deliver this personally for the uses of the Committee, and these are the copies.

It includes the letter of support as well as the resolution that was updated and adopted at a meeting in December of 1987. So that is for your use.

Senator CONRAD. We will enter that into the record.

Mr. GOLDHAMMER. We appreciate that very much.

In summary, the Indian and non-Indian communities of Lake Andes-Wagner and Marty are trying desperately to turn the local economy around. 80 percent of our income is derived from livestock production. During our regular drought periods we are forced to dramatically cut back on our herds.

This project would mitigate the impact of the droughts and thus allow us to maintain a stable crop and livestock base, and also would provide new opportunities for growing specialty crops.

The new irrigation established through this project will hopefully secure more jobs and raise the per capita income of Charles Mix County above the present $4,000 level.

We thank you for your time and understanding, and I am submitting a much more detailed written statement for the record and would now be happy to answer your questions, or I would remain at the table while the rest of the people get a chance to testify and answer your questions at any time, Senator.

Because I am the manager, I guess I am the one that is responsible for some of those things. Further, why, I would offer to send written answers to anything that the Committee may need in the days ahead.

[The prepared statement of Mr. Goldhammer follows:]

SUMMARY OF TESTIMONY
OF

MARC GOLDHAMMER
MANAGER
Lake Andes-Wagner Water Systems, Inc.
on
S.1431

Before The
Subcommittee on Water and Power of the Senate Committee
on Energy and Natural Resources

December 15, 1987

I want to thank the Chairman for the opportunity to testify before the Subcommittee today. We understand how difficult it is to schedule a hearing so late in the Congressional session.

The legislation before you today, S.1431, would authorize the development of the Lake Andes-Wagner/Marty II project, a 48,000 acre irrigation project (45,000 acres being the Lake Andes-Wagner portion and 3,000 acres the Marty II portion), located in South-Central South Dakota. The soil and topography of this area are well suited for sprinkler irrigation and the Missouri River stored water is considered excellent water for domestic and irrigation uses.

Our part of the country is characterized by unpredictable rainfall and repeated drought conditions. Hardly a summer passes without an extended dry period. We need this irrigation development to provide an adequate and stable water supply for our principal economic base--agriculture, by which we mean the cultivation of agricultural crops and the feeding of livestock, the latter of which contributes 80% of the income in Charles Mix County.

This new project is economically feasible and environmentally sound. The legislation also includes a 29% cost-sharing proposal by the state and local governments. With such low-income levels and the economic devastation we have suffered in recent years, we are clearly committing all our available resources to this project. We are trying desperately to reverse the out-migration of our population, which has been reduced 58% since 1950. The Marty II part of our project is directly intended to assist the hard-pressed Yankton-Sioux Tribe, about which you are hearing more from Tribal officials today.

The Lake Andes-Wagner proposal grows out of, and is a part of, the Pick-Sloan Missouri Basin Program which was authorized by Congress in the Flood Control Act of 1944. Extensive discussions and analysis of an irrigation project, considerably larger than the one contained in S.1431, occurred during the 1960's. These discussions involved the federal government, through the U.S. Bureau of Reclamation, and local and state interests. The Lake Andes-Wagner Unit was then investigated pursuant to a feasibility study authorized by Congress in 1972.

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In summary, the Indian and non-Indian communities of Lake Andes, Wagner, and Marty are trying desperately to turn the local economy around. Eighty percent of our income is derived from livestock production. During our regular drought periods we are forced to dramatically cut back on our herds. This project would mitigate the impact of the droughts and thus allow us to maintain a stable crop and livestock base, and provide new opportunities for growing specialty crops. The new irrigation established through this project will hopefully secure more jobs and raise the per capita income of Charles Mix County above the present $4,000 level.

We thank you for your time and understanding. I am submitting a more detailed written statement for the record, and would now be happy to answer your questions.

SENATE SUBCOMMITTEE ON WATER & POWER

December 10, 1987

IN REFERENCE TO THE LAKE ANDES WAGNER/ MARTY II PROJECTS HEARING

LEGISLATION

The Lake Andes Wagner/Marty II legislation (S. 1431 & H.R. 2671) is an issue of special consequence for our area. Specific reasons center on the following historical problems and facts:

DRYLAND FARMING

The dryland farming goes back to the late 1800's when our area was a part of Dakota Territory and people moved and went to new hopes and dreams. No new land will be brought into production.

DESCRIPTION OF COUNTY

Charles Mix County, home of the proposed Lake Andes Wagner/ Marty II irrigation projects, is a vast area about the size of the State of Rhode Island. It has a total land area of 702,272 acres, or about 1,097 square miles. It borders the Missouri River on the South and West its entire length of 110 miles.

YANKTON SIOUX TRIBE

The Yankton Sioux Tribe and their land resources are all within the boundaries of Charles Mix County, the home of the Lake Andes Wagner/Marty II projects. The Indian land resources are needed to produce revenue and the Indian land converted to irrigation would provide added income for living expenses and new job opportunities for the 85 percent unemployed.

POPULATION AND AGE

Strong concern for the 57 percent population decrease the past

35 years. Our present population is about 9,541. The out migration of our young people to other States and working families up to the age of 40 is the cheif concern. The average age of the South Dakota farmer is now 59.

RAINFALL

Even though we exist in the semi arid region of the Great Plains with rainfall amounts ranging from 13 inches to 21.5 inches some serious decisions need to be made quickly because those who engage in dryland farming and those who depend on agri business have not been treated kindly financially.

INCOME STATISTICS

We think this is best illustrated by the South Dakota Business Research (SDSU) reports for Charles Mix County:

(a) per capita income $4,171
(b) family median income $11,812)
(c) workforce includes 3931 women, 53% married
*371 families with annual income of less than $2500
*491 families with annual income ranging from $2500-$4099
*404 families with annual income ranging from $5000-$7499
(e) It is sad to report, but 28% of the counties population requires some form of welfare assistance.

IMPACTED AREA

The passage of the Flood Control Act of 1944, A.K.A. the Pick Sloan Plan, changed the complex problems of the Missouri Basin. Downstream States received immediate Flood Control, navigation and power benefits. Charles Mix County hosted the site for the Fort Randall Dam and a portion of Lake Francis Case. Losing approximately 58,000 acres of Indian and non-Indian land. The

deeded land was taken off the tax rolls and the area has never had a chance to recover from the impact. The Indian and non Indian families were forced to relocate in the early fifties and that was the beginning of the 57% population decline we have experienced. The impact of this huge facility (Fort Randall Dam) was first realized when the construction phase ended and the pool area expanded into Lake Francis Case.

As the local Governments reacted to the impact, we soon discovered that the Pick Sloan benefits were peripheral rather than local. With the problems of people migrating out of the area and the lack of jobs, local and State contributions were solicited for developing recreation and wildlife resources in hopes of improving the local economy, however to date these resources have been unable to create significant new wealth for the Lake Andes Wagner/Marty II area.

INUNDATED LANDS

The inundated lands study (Dr. Jay A. Leitch, March 1987) presents some jolting facts for South Dakota and Charles Mix County. South Dakota, as a whole, is losing $79 million (1985 dollars) in forgone business activity, annually. This represents $27 million in forgone personal income and $27 million in retail trade. In addition this level of retail trade would generate $1.1 million, annually in States sales and used tax revenue. Personal income forgone because of inundated lands, has been estimated to be as much as $378 million since the completion of the four South Dakota mainstream Dams. These forgone losses no longer can be sustained by the State and local Governments. Charles Mix County's population losses and low income makes it imperative that we

make beneficial use of our bountiful water supply and build a project that can maintain a stable agriculture.

PERSONAL INCOME

The days are long gone when farmers and agri business people could survive on in kind products and service. The present day farmer and business man is caught in the cash flow crunch and that means the farmer must have products for sale on a continuing basis, therefore it is crucial that the personal income, with South Dakota ranking 49th in the United States, that some improvements be made.

LIVESTOCK

The Charles Mix County farmer has made the transition from cash grain sales to livestock with livestock sales providing 80 percent of the farm income.

STABLE FEED BASE

As we have always said, we want an irrigation project to provide a stable feed base and some irrigated specialty crops to make cash crop sales profitable.

JOBS

And, at the same time provide some jobs by processing some of the home grown products. For example, a small local development group has completed a feasibility study on a potato processing plant, estimated to cost about $6 million dollars. This plant could provide 87 jobs for the local Lake Andes Wagner/ Marty area and could be enhanced by the construction of the irrigation projects, as we could then produce all of the needed

products in the Lake Andes Wagner/Marty II project area.

CROP PATTERNS

Crop patterns have been fairly consistant the past 35 years, corn, milo, oats and alfalfa rotation with some barley and wheat have been the traditional crops. Recent years we have seen some sunflowers and soybeans grown.

CORN FOR SILAGE

In years of higher rainfall about 15% of the corn is cut for silage and in the dry short rainfall years as much as 80% of the corn is cut for silage and much of the small grain is cut for hay or silage, because of the shortage of hay during drought periods.

SOILS

The Lake Andes Wagner/Marty II projects have deep medium textured soils. The water holding capacity is good. Silt loam is the dominant texture of surface soils, while subsoils below 14 to 24 inches are clay loam. Topography is smooth but irregular, with a gentle overall gradient toward Choteau Creek or Lake Andes. The Topography is generally favorable for sprinkler irrigation development.

LAND CLASSIFICATION

Of the 98,275 acres surveyed 45,000 acres of the best land was selected for the Lake Andes Wagner proposal and included in the preferred plan. The land was divided into three classes 1,2,and 3 of the three classes 72 percent is class 1, 22 percent class 2 and 6 percent class 3. This is an economic classification in

which the physical differences in land reflect dollar differences in net income; but will generate sufficient income under irrigation to pay all farm production expenses; provide a reasonable return to the farm family's labor, management, and capital; and pay the operation, maintenance, and replacement costs of associated project irrigation and drainage facilities.

DRAINAGE

A complete surface and subsurface drain system is planned and designed for the project. The local district has offered to pay for the subsurface drainage costs described in the cost share proposal.

WATER

The Water source will be Missouri River storage reservoir, Lake Francis Case. The water is considered to be good quality for irrigation, low in sodium.

The annual diversion requires 1.98 acre-feet.

The irrigation diversion requirement for 45,000 acres is 89,100 acre-feet annually.

Wildlife habitat mitigation requires 3,150 acre-feet.

Water quality requires 1,450 acre-feet for a total annual diversion of 94,000 acre-feet.

ENVIRONMENTAL COMMITTMENTS

Insert pages A3, A4, A5

LIST OF ENVIRONMENTAL COMMITMENTS

1. Pumping Plant
   a. ¼-mesh fish screens will be installed on each pumping bay
   b. Intake velocity at .5 foot per second.
   c. Top lip of intakes will be maintained at a depth of 20 feet during spawning and rearing periods.

2. To mitigate for wetland losses, up to 4,500 acre-feet of water (Lake Francis Case quality) will be provided to Owens Bay and Red Lake via turnouts and 365 acres of existing wetlands will be purchased and provided a controlled water supply. When practical, operational wastes will be used. In addition, a wetland easement will be acquired for 4 acres.

3. Approximately 2,185 acres will be purchased and seeded to native grasses. Canal and lateral rights-of-way would be seeded to native grasses. All seeded areas will be protected from grazing and other disturbances until the grasses have been established (generally 3 years). Habitat values on acquired tracts will be estimated using habitat evaluation procedures, and purchases will continue until lost habitat values are replaced.

4. Approximately 175 acres of land will be purchased in concert with grassland acres for the planting of woody vegetation.

5. To the extent possible, lands purchased for mitigation of grasslands and woodlands would be adjacent to existing Federal and State wildlife areas or existing wetlands to provide wildlife complexes. If lands in these areas cannot be purchased from willing sellers, other parcels will be sought, with a minimum size of 40 acres. These units would be managed by the U.S. Fish and Wildlife Service or South Dakota Department of Game, Fish and Parks.

6. The mitigation plan will be implemented concurrently with the construction of the rest of the project.

7. Uneconomical land remnants retained in Federal ownership will be man[illegible] to offset grassland habitat losses.

8. [illegible] buried except for the 0.5-mile 115-kV line [illegible] pumping plant. Installation of powerlines will be in accordance with Suggested Practices for Raptor Protection in Powerlines, the State of the Art in 1981, Raptor Research Report No. 4, Raptor Research Foundation, Inc., 1981.

9. Water quality sampling and analysis of Choteau Creek and Lake Andes will continue for TDS, nutrient levels, dissolved oxygen, trace elements, and pesticides and herbicides after construction, the cost of this program will be part of the project OM&R. A ring dike will be constructed to dilute project return flows into Choteau Creek to meet State water quality standards of 2,500 mg/l TDS. Water will also be added to Lake Andes to meet the State water quality standard.

10. Ring dike construction may require habitat mitigation. Upon final site selection a habitat evaluation team will be assembled and recommend appropriate mitigation measures. After the appropriate review the recommendations will be incorporated into the construction plan.

11. Known sites will be avoided where possible. If any cultural resource sites cannot be avoided, determinations of their significance/eligibility for the National Register of Historic Places will be made. If any sites are determined to be significant, appropropriate mitigation measures will be developed in consultation with the State Historic Preservation Officer and Advisory Council on Historic Preservation.

12. The South Dakota Department of Game, Fish and Parks will be consulted regarding appropriate measures to be taken during the spawning season during construction of the main pumping plant.

13. The project may require modification of 15 miles of existing drainageways. When these sites are identified, South Dakota Department of Game, Fish and Parks and U.S. Fish and Wildlife Service will be contacted and appropriate mitigation measures will be established.

14. Proposed 50-acre fish rearing pond is included as a project feature.

BEST COPY AVAILABLE

15. Topsoil will be stripped to a predetermined depth, stockpiled, protected from erosion and compaction, and replaced in all disturbed areas.

16. The following permits will be obtained.

1. Section 10 permit required by the River and Harbor Act
2. Sections 402 and 404 permits required by the Clean Water Act
3. Soil and water compatability permit from the State of South Dakota
4. Water right from the State of South Dakota

17. It is recognized that certain agricultural chemicals can pose hazards to wildlife and water supplies. As part of the Irrigation Management System, chemical types used on the project will be updated every 5 years and useage of less hazardous chemicals will be encouraged.

POWER

Total energy requirements for the Lake Andes Wagner Irrigation project are about 41,500,000 KWH of which 13,000,000KWH on farm demands.

The Lake Andes Wagner Unit and the Marty II Unit will obtain energy for project pumping at the Pick Sloan Missouri Basin Program rate. A wheeling charge of 20 mills per KWH will be applied to Pick Sloan energy transmitted over local REA lines.

ASSIGNED COSTS

The Lake Andes Wagner Unit will have assigned costs of $1.60 per acre for Lake Francis Case Reservoir operation and maintenance.

INDIAN LAND

Within the Lake Andes Wagner Unit; the Yankton Sioux people own 1700 acres. This will be served water and all equipment and facilities will be at project cost as well as the low cost of power to operate on farm irrigation equipment.

The Marty II Unit is 3000 acres of all Indian land with all necessary equipment and Pick Sloan power for pumping and to operate on farm irrigation equipment.

SURPLUS CROPS

The big concern seems to be the double subsidy issue, however the issue for Lake Andes Wagner/Marty II is directly opposite. With the shortage of rainfall, a constant threat, we worry about a short crop rather than a surplus. Because our County and

surrounding area income is 80 percent livestock the feed supply is always a critical issue. The major shipments out of the County, are livestock to the packers and processors.

The Lake Andes Wagner Irrigation project has made a major concession based on the 1985 farm program that simply stated mandate's that if a farmer converts dryland acres to irrigation, those acres are only eligible for price support based on the established dryland yield formula of the previous five year period.

Further, the Lake Andes Wagner Unit has subjected themselves to this policy to continue in effect during any future extensions of feed grain programs which congress may enact to succeed the present program which expires with the 1990 crop year.

The project farmers need the BOR assurance that they only repay the project costs up to their ability to pay. Under the Pick Sloan provisions the cost of the project will all be repaid, without interest, by the landowners and the Pick Sloan power revenues set aside in the irrigation aid fund.

With the combination of the 1985 Farm Bill provisions of no price support on the conversion of dryland to irrigated acres and the Pick Sloan provisions to pay back the cost of building the project we see little need for wasting Time debating a moot surplus crop issue; further if anyone questions the magnitude of this issue for example: If the Lake Andes Wagner/Marty II units planted the entire 48,000 acres to corn and it yielded the average 1986 irrigated yield per acre, that total production would be less than 1 percent of the corn production in South Dakota, and if you compare that to the National production you can only conclude that

this minute acreage and production is insignificant.

COST SHARE PROVISION

Cost of Lake Andes Wagner Project----------	$ 156,450,000
Planning report (page 41) District agreed to design and construct distribution system.----------	$ 6,450,000
Planning report estimated cost----------	$ 150,000,000
District obligation drainage cost----------	$- 36,000,000
District obligation ring dike ----------	$- 3,500,000
(1984 price level) Estimated Federal appropriation needed for Lake Andes Wagner Unit----------	$ 110,500,000
Indain land irrigation equipment for 1700 acres in Lake Andes Wagner Unit----------	$ 1,200,000
Estimated Federal appropriation for Lake Andes Wagner Unit including special Indian Irrigation equipment. Total Appropriation----------	$ 111,700,000
Estimated cost of Marty II (Oct. 1984 price levels)	$ 15,000,000

The Levitt Act deferment for Indian lands will certainly help the Indian community by allowing them the use of the funds that would normally be used for repayment.

Cost Share (non-Federal) will pay for the following items:

Subsurface drainage----------	$ 36,000,000
Ringdike----------	$ 3,500,000
Design & Construction distribution system -----	$ 6,450,000
Total Non-Federal ----------	$ 45,950,000

29% Cost Share

BENEFIT

Annual Irrigation Benefits----------	$ 13,095,000
Fish & Wildlife Benefit----------	$ 41,000
Unemployed resources ----------	$ 404,000
Benefit----------	$ 13,540,000

SUPPLEMENTAL TESTIMONY OF
MARC GOLDHAMMER
MANAGER
LAKE ANDES-WAGNER WATER SYSTEMS, INC.
ON
S. 1431
BEFORE THE
SUBCOMMITTEE ON WATER AND POWER
OF THE SENATE COMMITTEE ON
ENERGY AND NATURAL RESOURCES

We want, in accordance with the Chairman's announcement that the record will remain open for two weeks, to provide additional information to be placed in the record of the hearing on S.1431 held before your Subcommittee on December 15, 1987. We will respond to issues raised at the hearing during questioning, and in the statements of Commissioner C. Dale Duvall of the Bureau of Reclamation and David C. Campbell of the National Wildlife Federation (NWF).

Cost Sharing

We wish to emphasize that Lake Andes-Wagner Water Systems, Inc., has submitted a cost-sharing proposal to the Bureau of Reclamation which requires that 29 percent of the project costs will be paid for by the local and state governments. This proposal directly tracks the cost-sharing amendment to S.1431 introduced by Senators Daschle and Pressler on December 10, 1987.

A mis-impression may have been created by Commissioner Duvall's oral testimony that this cost-sharing proposal has not been formalized. The Department has the proposal and the state and local governments have in fact committed money for this project.

The Commissioner in his testimony set forth five conditions which would have to be met for the Administration not to oppose the project.

One condition was for the submission to Congress by the Secretary of the Interior of a completed planning report. A planning report was completed and has been awaiting final Department action for two years. This so-called "condition" is simply a continuing threat by the Administration to kill the project by the simple expedient of continuing to sit on its own Planning Report.

Second, the Commissioner wants a "legally-binding" cost-sharing agreement. A cost-sharing proposal, providing for payment of 29% of project costs by the local and state government, as noted above, was submitted to the Department some time ago. It was also introduced as an amendment to S.1431 on December 10, 1987. It represents the maximum feasible contribution of the economically hard-pressed state and local governments. You asked the Commissioner to react to this proposal in three weeks. So that there may be no misunderstanding as to the cost-sharing proposal to which the state and the district are committed, and upon which the Committee desires the reaction of the Commissioner, may we respectfully suggest that the Committee reiterate to the Commissioner that what the Committee wants is the Commissioner's reaction to the cost-sharing Amendment of December 10, 1987. Obviously, the district and the state are prepared to enter into a "legally binding" cost-sharing agreement reflecting that Amendment contingent upon

authorization as provided in S. 1431, including the December 10 Amendment.

Another Administration condition is to retain the cap on agricultural subsidy payments based on dry-land crop yields. Section 2(e) of the legislation eliminates any possible double subsidy, and satisfies this condition.

No new "full-service" non-Indian lands are authorized in the project, which satisfies another condition in the Commissioner's letter and testimony.

The final condition is for a 40-year straight-line amortization schedule for the use of power revenues to support irrigation assistance, which is an unacceptable condition, and is an old battle which should not be re-fought. This is a Pick-Sloan Project and Pick-Sloan establishes the repayment system with regard to power revenues. It is important to preserve the same formula to ensure consistent treatment of later projects with earlier projects and to provide necessary revenue and flexibility.

Project Costs

The NWF misstated the "costs" and the "benefits" of the project, even if one were to accept its bizarre notions of costs and benefits, which we do not.

First of all, the per acre cost is $2,639, with respect to required federal appropriations, rather than the $3,000/acre estimate of NWF. In actual costs:

Lake Andes-Wagner Project =	$157,650,000
Local Contribution (cost-share)	- 45,950,000
	$111,700,000

Marty II Project (Indian portion no cost-share)	+ $ 15,000,000
	$126,700,000

See Supporting Testimony of Marc Goldhammer, Manager, Lake Andes-Wagner Water Systems, Inc., at 12.

More importantly, the Lake Andes-Wagner Project provides for a 29% cost-share by local and state governments. The Marty II Project on Indian land, requires a direct $15 million federal appropriation (subject to the provisions of the Leavitt Act). Furthermore, we have thoroughly examined the costs of the project and we are convinced that we can meet the costs of repayment. This issue was raised during the hearing and frankly it is a "strawman." We would not commit our local resources to an uneconomic project.

What the NWF totally fails or refuses to recognize is the severe social costs of not authorizing the project, and the positive benefits of implementing the project. Some of the relevant facts are as follows:

1. Out-migration of 58% of the local population since 1950;

2. Indian unemployment in the project area of 85%, with most of the remaining people employed by government-supported programs;

3. The real issue of rural sustainability; and

4. The destruction of local social infrastructure, e.g., reduction of school districts from 100 to 4 in the region.

This project is clearly an economic development project targeted to provide a reason for the people living in South

Central South Dakota to remain as working farmers on the land. If this irrigation project can be implemented, resulting in stabilization of livestock production, and enhanced development of specialty crops, this part of the country has a chance to survive. We must also provide a reason for young people to stay. If we can provide economic development for Indians and non-Indians alike, we can hopefully reduce welfare-related costs and provide for a reduction in social-ills stemming, in part, from severe economic distress, e.g., alcohol abuse and family disintegration. Senator Conrad recognized these problems in his statement and questions at the hearing, along with the dire consequences of inaction. Prospective economic development is a real benefit though it is difficult to quantify with precision. We are talking about the preservation of rural communities, and the multiplier effect of economic redevelopment and stability.

With all due respect, NWF has a stated position on this matter which is superficial and inconsistent. The NWF was one of the leaders of the Washington, D.C.-based groups attacking the value of cost-benefit analysis in the early 1980's, because, they claimed at that time, environmental and social benefits were more difficult to quantify, while regulatory costs and the direct costs of environmental improvements were more easily quantified. Now NWF is faced with a situation where an economic development project will produce direct economic and social benefits, and they are attacking the "benefits" side of the equation because of the difficulty in quantification. Anyone who has been to our part of South Dakota realizes that we must do

something, and we have proposed an economically and environmentally sound irrigation project to help farmers and people of the area.

The NWF representative, in his oral testimony, suggested a more appropriate way to repay the debt to South Dakota as a result of Pick-Sloan is through direct welfare payments. This suggestion is preposterous and insulting. The people in our part of the country have pride. As was eloquently stated by the witnesses including Senators Daschle and Pressler, Representative Johnson, Governor Mickelson, and by Senator Conrad, these people have a strong attachment to the land and a productive way of life. We are farmers who wish to continue farming. The most appropriate way to keep people on the land in. this part of South Dakota is to provide irrigation.

Furthermore, these people do not wish to take welfare payments--we want to remain as working farmers in a strong agricultural community. This is certainly consistent with the present Congressional efforts for welfare reform, which are intended to encourage people to work. We hope to take people off of welfare and offer them a job alternative.

Environmental Concerns

The NWF statements with respect to potential environmental degradation which will allegedly be caused by this project, are simply wrong. In essence, the arguments raised by the NWF are a smokescreen. Their view is really that they have never seen an irrigation project that they like, without regard to the merits.

Specifically, and most egregious, is their allegation that there may be a selenium problem here, raising the spectre of another Kesterson Wildlife Refuge problem. In light of the Kesterson problem, extensive selenium tests were done of the project area at 25 sites, and the highest selenium concentration was four parts per billion, with the standard being ten parts per billion. See Lake Andes-Wagner Unit, Planning Report I, Final Environmental Statement ("Report"), at Appendix O; see also Report, at 119.

In fact, this project will result in major environmental benefits. I have listed some of the benefits below.

First of all, with proper water supply and irrigation facilities in place, the Lake (Lake Andes) would be furnished with a stable supply of water rather than drying-up every few years, leading to fish and wildlife losses.

The water quality of Choteau Creek (currently exceeding standards) will be improved and brought into compliance with state standards upon completion of the project. Increased flows would be provided to accomplish this purpose for Choteau Creek, which is generally dry in the winter. This is a positive environmental benefit, which will not occur without project construction.

The Owens Bay Unit of the Lake Andes National Wildlife Refuge would be supplied with additional water to offset wetland losses, if the Project is built.

Improved wetlands would be provided, under our plan, in the state-owned Red Lake Game Production Area, with an improved water supply.

Three hundred and sixty-four acres of wetlands will be purchased and improved with a controlled water supply, and an additional 4 acre wetland easement will be provided.

Two thousand, one hundred and eighty-five acres will be purchased and seeded to native grasses, and 175 acres will be planted with wooded vegetation.

Under the Project, the increased water supply and other efforts will also increase the number of wildlife habitat units per acre. There will also be a 50 acre fish-rearing pond (on Lake Francis Case), built with the State of South Dakota sharing in the costs.

In summary, the Lake Andes-Wagner Project sponsors have assumed responsibility for improving wildlife habitat units and purchasing additional acres for wetlands, natural grass seedings and tree planting. Also, the local people are big users of the recreational and environmental resources, and are the strongest supporters of waterfowl and fish preservation. We are the real environmentalists; we do not want to have repeats of waterfowl and fish kills because of water quantity and quality problems. This project will eliminate these problems. Also the project sponsors, including state and local officials, are committed to monitoring agricultural drainage and water quality.

Pick-Sloan

Under the Flood Control Act of 1944 and the Pick-Sloan Plan, South Dakota lost 550,000 acres of land behind main stem dams. As Senator Conrad correctly noted in his questioning of the NWF representative, the Pick-Sloan "deal" was to provide for

irrigation projects in South Dakota (and elsewhere) in exchange for the loss of land. As the Senator also noted, the Federal Government has not yet made good on its promises to South (or North) Dakota. The maxim, "a deal is a deal" has not applied. South Dakota has seen none of the Federal irrigation projects. South Dakota Governor Mickelson described in far more eloquent terms than I can, the fact that the State's residents have so far been denied the promised benefits of the Pick-Sloan commitment.

Finally, the NWF statement has a section entitled, "Recommendations to Close the Pick-Sloan Account in South Dakota." In the oral testimony by the NWF they talked about the so-called "benefits" of Pick-Sloan and the establishment of a ledger, setting forth the costs and benefits of Pick-Sloan. Unfortunately, their "recommendations" are to eliminate all planned projects and they set forth no benefits to "close-out" the account.

The NWF's proposals are just plain silly and are totally unsatisfactory and an affront to the people of South Dakota and the Upper-Missouri Basin. Farmers want to remain farmers, and they want the irrigation projects promised to them.

Conclusion

We appreciate the opportunity to provide this additional statement for the record. S.1431 would authorize an economically and environmentally sensible project, which will provide essential economic development and rural sustainability.

Mid-West Electric Consumers Association

Board of Directors

Ray R. Jilek
President

Philip A. Hauan
Vice-President

Louis Stroup, Jr.
Secretary-Treasurer

Thomas P. Graves
Executive Director

James B. Gray
Director of Communications

Mary Mally
Executive Assistant

December 10, 1987

The Honorable Bill Bradley, Chairman
Subcommittee on Water and Power Resources
SH 212 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Bradley:

I write to express the strong support of the Mid-West Electric Consumers Association for the authorization and future development of the Lake Andes-Wagner Project in South Dakota, authorization of which will, I understand, come before your sub-committee at hearings currently scheduled for December 15th (S. 1431).

Mid-West is the regional association and service agency for 278 rural electric cooperatives, municipally-owned electric utilities and public power districts located in a nine state area (Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming) serving more than three million consumers of electricity.

We have a deep and abiding interest in federal power and water development throughout the region in which our members operate, and we have a particular interest in all facets of the Pick-Sloan Missouri Basin Program, of which Lake Andes-Wagner is one element. Over many years Mid-West has taken an active role in Pick-Sloan development. One reflection of our interest is contained in the enclosed Mid-West resolution on the Pick-Sloan obligation of the Federal government, a resolution which we have passed at our annual meetings for many years; it was enacted again today.

The Lake Andes-Wagner project which you will have before you in S. 1431 at the December 15 hearing is the traditional kind of Reclamation project which Mid-West and its members support with enthusiasm. It is a carefully thought out, badly needed effort to help the severely depressed agricultural community in the region it serves, as well as in the State of South Dakota and the Nation at large.

1441 York Street, Suite 305, Denver, Colorado 80206 • Telephone (303) 393-0130

We hope the Congress will give it the most serious consideration.

We would very much appreciate it if you would include this submission in the record of your hearings.

Thank you.

Sincerely,

Thomas P. Graves
Executive Director

Enclosure

RESOLUTION X

PICK-SLOAN OBLIGATION

WHEREAS, the states of the upper Missouri Basin agreed to permanently flood over 1.6 million acres of productive land in order to eliminate major downstream flooding in return for the promise of future major water development to replace lost economic opportunity, all of which was authorized by Congress as the 1944 Flood Control Act which was later renamed the Pick-Sloan Missouri Basin Program; and

WHEREAS, over $2.3 billion in downstream damages and immeasurable human tragedy has been averted by the construction of the six maintstem dams on the Missouri River in Montana, North Dakota and South Dakota; and

WHEREAS, of the 3.6 million acres of Federal irrigation development promised in these three upstream states, only about 109,000 acres have been developed; and

WHEREAS, the Oahe Unit in South Dakota has been abandoned and the Garrison Unit in North Dakota has been reauthorized as a very small irrigation Unit; and

WHEREAS, Mid-West Electric Consumers Association (Mid-West) recognizes the Federal commitments made and the continuing dire need for Federal water and concurrent economic development in the upper Missouri Basin states;

NOW, THEREFORE, BE IT RESOLVED, that Mid-West calls upon the Congress and the President and his Administration to honor the commitment to the upper Missouri Basin states by offering and supporting the traditional Federal authorizations and appropriations for the development of those projects promised as part of the 1944 Flood Control Act; and

BE IT FURTHER RESOLVED, that Mid-West supports continued funding and development of the modified Garrison Unit and the Lake Andes Wagner Unit, in South Dakota as Pick-Sloan units, provided such Federal authorizations and funding are made within the traditional method of reclamation law.

APPROVED: December 10, 1987

Senator CONRAD. I think what we will do is proceed and finish with the panel and then open it to questions, because I have a number of questions I would like to pursue with this panel before we conclude it.

But let us turn next to Mr. Archambeau, the Yankton-Sioux Council member, Lake Andes. Have I pronounced your name correctly?

STATEMENT OF LOUIE ARCHAMBEAU, COUNCILMAN, YANKTON SIOUX TRIBE, LAKE ANDES, SD

Mr. ARCHAMBEAU. Yes, you did.

My name is Louis Archambeau and I am a Council member of the Yankton-Sioux Tribe. I am here in support of the Lake Andes-Wagner Marty II legislation.

We need some revenue and this irrigation project would help us in the years ahead. The Pick-Sloan Flood Control Act—during the middle forties my family lived at White Swan, near Lake Andes, South Dakota, on the Missouri River. As a result of the building of the Fort Randall Dam, many families were forced out of their homes due to the flooding that took place.

In 1944 the Pick-Sloan Flood Control Act was passed and some people were accommodated for their losses. During those years, I can remember I was about seven years old when the Bureau of Indian Affairs came down and told us we had to move out on account of that Act was passed that year, and I had just started school. I had just went to the first year of school and then we had to move.

They had a place for us to go, so we went before they come down and forced us out. And to my knowledge, to this day we never got any kind of moneys out of it. I do not know if other families did, but we never got nothing out of it. They just gave us a place to live and took everything that we had down there and left us down there.

And it bothered me to this day yet, you know, because it is something that, when you are a kid you remember things better than you do when you grow up. And I believed that was unjust at the time, and as I grew up I got a chance to speak about it and to the people that could do something about it.

But the point I want to get across is, a lot of stuff was promised to us and it never did come true. And that is something we need to deal with. It is very important. I hope you take it into consideration.

As far as Yankton-Sioux Tribal enrollment, the total enrollment of the Yankton-Sioux Tribe is 5,523 on and off the reservation. The enrolled members residing within the reservation equals 2,150 and adjacent to the reservation is 820, which equals 2,970 on or near the reservation.

In wintertime there are more. More people come back to the reservation in the wintertime. It runs about 3,500 and they all don't have jobs.

I am just newly elected onto the Council, and the people come in to me every day wanting jobs. And it is hard for me when I cannot

even offer them a job, and we do not have no money to give them. We are down to the bottom.

But I think with this irrigation we can start bringing the welfare problem back out of it.

I have been in farming. Like Steve, I farmed most of my life. I can say that I hate to be living in the past, but we have got to start someplace. If we do not start with our natural resources, we ain't going to have nothing there. The tribe is going to get bigger and the federal government dollars are not going to get bigger.

So if we could start someplace by making jobs for our people, I think that is what we should be doing. And I think that is my main concern, is jobs, not gifts to the people. I think it is time for them to work for what they get.

As a new Council member, we have a young committee and that is what we are shooting for. We want to make them into self-sufficient, and we would like to be—some day, you know, work for ourselves instead of depending on the federal government.

And maybe this is the time that we can do that. We can get started, and that is the reason I am here.

On general assistance, due to the high rate of unemployment on the Yankton-Sioux reservation, there is a large amount of general assistance issued. The total of that annually amounts to $915,599.37.

There are approximately 688 households involved. The montly issuance of general assistance payments amounts to $72,500 monthly. So that is close to a million dollars a year.

And if you go on further down the line to the welfare, we are looking at maybe a million and a half a year. If we can cut that down by getting work for our people, that is what we are all concerned about, is for them to have a job and get their pride back and be able to—I think that will bring our alcohol problem down, because when people do not have anything that is what they want to do, is drink, to drown their sorrows and bad feelings.

[The prepared statement of Mr. Archambeau follows:]

YANKTON SIOUX TRIBE

BOX 248
MARTY, SO. DAK., 57361
384-3804 / 384-5687

SENATE SUBCOMMITTEE ON WATER & POWER
December 15, 1987

TO: Senator Bill Bradley

I am here today to support the Lake Andes/Wagner/Marty II Legislation. We need some new revenue and this irrigation project could help us in the years ahead.

PIK-SLOAN FLOOD CONTROL ACT

During the middle forties (40's) my family lived at WHITE SWAN near Lake Andes, South Dakota on the Missouri River. As a result of the building of the Fort Randall Dam many families were forced out of their homes due to the flooding that took place. In 1944 the Pic-Sloan Flood Control Act was passed and some people were accommodated for their losses.

YANKTON SIOUX TRIBAL ENROLLMENT

The total enrollment for the Yankton Sioux Tribe is 5,523 on and off reservation. The enrolled members residing within the reservation equals 2,150 and adjacent to the reservation is 820. This equals 2,970 on or near the Reservation.

GENERAL ASSISTANCE

Due to the high rate of unemployment on the Yankton Sioux Tribe Reservation there is a large amount of General Assistance issued. The total of that annually amounts to $915,599.37. There are approximately 688 households involved. The monthly issuance of General Assistance payments amounts to $72,500.00 monthly.

CHILD WELFARE

The approximate amount of money payments per month from the Lake Andes is $40,000.00. Of this amount about 85% is paid to Indian families. Annually this amounts to about $408,000.00 paid to families on the Yankton Sioux Reservation.

The poverty and life on the reservation is not pleasant when you don't have anyone or no place to turn to but a welfare office. As a Yankton Sioux Councilman it is my concern and desire to build a tribal agriculture business and work for new job opportunities for our tribal people. We believe this irrigation project could help all people of our area receive some economic benefits whether it be jobs or added business for main street.

We hope you look favorably on our proposal. Thank you for allowing me to speak here today.

Louie Archambeau

Louie Archambeau, Councilman
Yankton Sioux Tribe

OFFICERS
STEPHEN COURNOYER, JR.
AL ZEPHIER
GEORGE COURNOYER
MICHAEL RED LIGHTNING

BUSINESS & CLAIMS COMMITTEE Y.S.T

JOHN PACKARD
WESLEY HARE, JR.
GUY COOKE
DANIEL ARCHAMBEAU
LOUIE ARCHAMBEAU

Senator CONRAD. Mr. Archambeau, what percentage of your people are unemployed?

Mr. ARCHAMBEAU. 85 percent.

Senator CONRAD. What is the source of employment for those that are employed?

Mr. ARCHAMBEAU. It is probably like BIA and PHS hospitals and what the tribe can employ, and school.

Senator CONRAD. That would be the main source of employment?

Mr. ARCHAMBEAU. That is about all we have got at this time.

Senator CONRAD. Maybe I could ask Mr. Goldhammer or either of you other gentlemen: What was given up as a result of Pick-Sloan?

Mr. Archambeau, you have testified that land that you lived on was taken to provide a place for the flood, I assume. How much land was given up?

Mr. GOLDHAMMER. If we talk about South Dakota, why, we talk well over a half a million acres. If you want to talk about our local area, Charles Mix County where the project is located in, where these gentlemen's Yankton-Sioux Tribe is located totally within Charles Mix County, it is a county about the size of the state of Rhode Island. It is a large tract of land. We are next to the Missouri River.

And we estimate, Senator, that in Charles Mix County we have lost 58,000 acres of land. And we call it prime land. Now, some people interpret that, prime land, as farm land. And we have got a different definition for that. It was prime land because if it had trees on it it was some of the best.

If it was farm, it was some of the best. If it was used for grazing, it was some of the best. If it was used for an Indian home or a non-Indian home, because it had the protection of the river bluffs and some tremendous wintering sites for livestock and for wildlife, it was the best.

So we are talking about in Charles Mix County 58,000 acres out of a total of well over 700,000 in the whole county.

Senator CONRAD. Was there ever at any point any compensation given other than for direct payments for land? In other words, was there any compensation provided for the loss of community, the loss of institutions that were disrupted as a result of Pick-Sloan?

To your knowledge, was there any compensation other than for land itelf?

Mr. GOLDHAMMER. Not to my knowledge. I know we lost some towns.

And the other thing to my knowledge that I can recall in those days, some people were paid a small amount of relocation money to relocate. In other words, if they had a farm on the river bottom and they had to move out of there, they either got some small amount of funds to move some of their buildings out of there and set them on a different piece of land—that is all, Senator, that I can recall that was ever done.

Senator CONRAD. Do you have any idea of the size of those payments?

Mr. COURNOYER. I heard that some families received in the neighborhood of around $10,000 and 40 acres, you know, some of the families that stayed to the bitter end or whatever. They were

compensated, if they received 40 acres and a few pieces of machinery in order to farm that piece of ground.

I think there were some families that received something like that. But I don't think all the families were compensated. You know, some of them left earlier and never did go back and ask for anything. But some of them did receive some benefits.

Senator CONRAD. What percentage of the tribe would you estimate are engaged in farming and ranching?

Mr. COURNOYER. Presently there is only one enrolled member of our tribe that is in farming, but it is a female and she is married to a non-Indian and they are still farming.

But like Louie and myself and members of my family and Louie's family, we are all out of business now.

Senator CONRAD. At some point—let us go back to the time of Pick-Sloan. What percentage of the tribe were directly involved in agriculture, ranching, farming?

Mr. ARCHAMBEAU. Maybe I can answer that. You mean before the dam was put in?

Senator CONRAD. Yes, sir.

Mr. ARCHAMBEAU. I think all of the people that are farmers down there, they either had maybe 20 to 40 acres, but they lived off of that. I can remember that. So they all did farm down there.

I do not know what happened, but they talked about guys getting payments. I know that some people got $10,000, some people got more. But my family never got nothing out of it. My dad always did talk about that. He said: Well, it would not be worth me going to fight for years. It is unresolved, because the dam was coming in and we moved out.

And I know this and I can remember this.

Mr. COURNOYER. Can I add something to that? Even after the dam went in, the tribe still lost quite a few acres of ground because of erosion by the river on windy days, when you have got those high waves and they whip against the bank.

It cost us additional loss of hundreds of acres. And we have been on the Corps of Engineers and Bureau of Reclamation to try to get some riprap along I do not know how many acres of tribal land directly below the Fort Randall Dam there. And we asked several times and we have never received anything.

I think Marc knows that, too.

Mr. GOLDHAMMER. We tried very desperately to help them with that problem. And it is below Fort Randall Dam where we have the fluctuating levels of water going through, and it is true some of the best land along there is disappearing. But that is another problem, but it is a problem.

Senator CONRAD. Let me just for the purpose of the record, I think we want to make clear, already state and local communities have offered to share costs to the extent of nearly 30 percent of this project.

You have already dealt with the surplus crops issue, because you have agreed that that part of the production which could be attributed to irrigation would be excluded from federal payments, is that correct?

Mr. GOLDHAMMER. That is correct.

Mr. HOLZBAUER. It would stay the same as it is now before irrigation.

Senator CONRAD. Let me give you a chance to answer. What is the chief argument that has been made by those who are opponents of this project?

Mr. Goldhammer, perhaps you are in the best position to give us. What is the chief argument?

Mr. GOLDHAMMER. People are concerned with economics, and certainly the total cost of the project. And that was one of our efforts in putting together and using what I would say a minimum amount of resources, and putting together the most aggressive cost share proposal that we could put together.

We did that to lower the federal appropriation, and we did that so that nothing would be taken away from the project to make it an environmentally sound project. And of course, from the day one on this new proposal we were very cognizant of the fact that we had to do everything environmentally correct as we could and as humanly possible to take care of those problems.

And as part of my longer written statement, I have included the list of environmental commitments that you could also find within the planning report here. Those are the two concerns that I could capsule very quickly.

I really don't know that we have any other, except that we added the Marty II legislation to the—the Marty II proposal to the legislation here, and so you see Lake Andes-Wagner/Marty II.

Marty II we brought with us today, and I know the staff, Mr. Brown, has a copy of it. This is the study that was done on the Marty II 3,000 acre proposal.

It is the soil and the land classification part of it. The economic part of it, it adjoins the Lake Andes-Wagner project. It is so similar in nature that the economic findings are only going to be a repetition of what already has been completed.

The only other thing I want to add to Marty II is that the Indian people have agreed through the legislation that they will not begin construction of the project, as some would criticize, until the environmental assessment has been completed and arrangements to mitigate whatever damages, if there are, whatever damages there are. They are willing to mitigate them.

Senator CONRAD. Am I understanding correct that the project planning report estimates that the project beneficiaries will be able to repay 100 percent of reimbursable costs without repayment assistance from power revenues?

Mr. GOLDHAMMER. That is what the planning report reports.

The farm budgets were completed. They are a matter of record, and the planning report and additional appendices are available to anybody that wants to see them. That was based on the formula that the Bureau of Reclamation recommends, and it is based on some projected prices in the future. And the Bureau of Reclamation can address those, those formulas that they use, very well.

We think that our project is very feasible and that we can do that if prices and everything are the way they are in the planning report.

Now, just let me add, we have got farmers—Leo my chairman here is one of them, and you will hear three others here shortly, as

quick as we can move away from this table. But these people are not dumb and they know what the costs and things are.

Based on the fact that, if grain prices are low and would continue in that trend and our market situation does not improve, the possibility exists that by the time we get this project authorized—and it is one of the very things that from the start is what we were asking for, Senator Conrad, is to get an authorization for this project.

If we could get that authorization, we would then be in the position to negotiate a contract with the Bureau of Reclamation.

And at that time, depending on what the situation is, we will either pay the full cost back in less than 40 years or we will pay all that we can and the irrigation aid fund through power revenues which was set up from the very start—and it would be tough to understand why anybody has any problem with that recipe, because that was debated clear before the 1944 Flood Control Act passed and it has proven to be a viable and feasible alternative when you do not have full ability to repay.

Senator CONRAD. I appreciate the answers that you have provided here. It is excellent testimony.

And given the lateness of the hour, I think we better proceed to the next panel. There may be some other questions we would want to submit, but again let me thank you for the outstanding testimony you have provided here today.

Mr. GOLDHAMMER. If you do not mind, I will stay at the end of the table. If you want me to respond to it in writing, I would be glad to do that.

Senator CONRAD. I want to welcome all of you to this hearing. We have already heard excellent testimony.

I have just been joined by Senator Murkowski, who I understand was out in your state at the field hearing and did a little pheasant hunting as well.

Senator MURKOWSKI. That was coincidental. It had nothing to do with the purpose of the mission, but we were successful.

And it is nice to see these gentlemen here again. Mr. Chairman, you are going to learn more about these projects and what the rural water system means to the success of the state of South Dakota than you ever believed. You can see by that dimensional map what you are in for.

I am also in a hearing on nuclear proliferation and on the movement of plutonium. So I wanted to come up and welcome our good friends from South Dakota and wish them a happy holiday and advise you that I am sympathetic to their cause and wish them well in the process. They are hard-working and diligent people and they make America great.

Thank you for the opportunity to welcome them.

Senator CONRAD. We appreciate very much your taking the time to come, Senator Murkowski.

We will proceed with panel three.

Mr. Eitemiller.

STATEMENT OF CHARLES EITEMILLER, VICE CHAIRMAN, LAKE ANDES-WAGNER IRRIGATION DISTRICT, ARMOUR, SD

Mr. EITEMILLER. My name is Chuck Eitemiller. My wife and I live on a farm near Wagner with our four children.

All of us here today from South Dakota have made sacrifices for the flood control on the Missouri River. I think it fair to say all of us consider ourselves environmentalists. We plan on staying and want our children and grandchildren to have the opportunity to do the same.

A typical farm in Charles Mix County is an integrated livestock and feed growing operation. Erratic precipitation is one of the reasons for a continuing decline in the local economy.

None of us want to do anything to degrade our community, just stabilize our economy. There are many reasons for building the Lake Andes-Wagner Marty II irrigation projects. Manufacturers of PVC pipe, electrical components, pumps, motors, valves, computers, and much more would obviously share in the construction of the project and of the jobs.

Our project would have far-reaching benefits. Employment during construction would be of tremendous benefit to the area, with a substantial amount of tax being paid to state and federal governments.

In my view the state and federal governments, contractors, engineers, consumers, public power companies, will benefit right along with the local farmers, as well as every business in Main Street. I believe water development is job development.

A perspective on surplus crops and double subsidies. For the information of this Committee, in my view the irrigated corn production over and above normal dry land production amounts to 2.7 million bushels. This would feed out 155,000 head of hogs, 33,000 head of fat cattle.

This total amount of hogs and beef amount to one-fourth of one day's kill for hogs and cattle slaughtered. Rather than this being a liability to the federal government and the taxpayers, I would call it an insurance policy against higher cost of living and a chance for a farmer with a family to improve their living conditions.

Another note is that all the lands in this project that will be irrigated are already presently being farmed. It would not be an expansion of more acres.

And with this, I just urge this Committee to consider authorization for Lake Andes-Wagner Marty phase two, and we certainly do appreciate this opportunity.

Thank you.

[The prepared statement of Mr. Eitemiller follows:]

SENATE SUBCOMMITTEE ON WATER & POWER

IN REFERENCE TO THE LAKE ANDES WAGNER/ MARTY II PROJECTS HEARING

Submitted by Charles Eitemiller

December 8, 1987

My name is Chuck Eitemiller. My wife and I live on a farm near Wagner, with our four children.

All of us here today, from South Dakota have made sacrifices for the Flood Control on the Missouri River. I think it fair to say all of us consider ourselves environmentalists. We plan on staying and want our children and grandchildren to have the opportunity to do the same. A typical farm in Charles Mix County is an integrated livestock and feed growing operation. Erratic precipitation is one of the reasons for a continuing decline in the local economy. None of us want to do anything to degrade our community just stabilize our economy.

There are many reasons for building the Lake Andes-Wagner Marty II irrigation project. Manufacturing of PVC pipe, electrical componets, pump motors, valves, computors and much more would obviously share in the construction of this project and of jobs.

Our project would have far reaching benefits. The employment during construction would be a tremendous benefit to the area with a substantial amount of tax being paid to State and Federal Governments.

In my view the State and Federal Governments, contractors, engineers, consumers and public power companies will benefit

right along with the local farmers, as well as every business on main street. I believe water development is job development.

I urge this committee to move that Lake Andes-Wagner/Marty Phase II be authorized for construction.

Senator CONRAD. Thank you very much.

We will continue with our practice of proceeding with the rest of the panel and then returning to questions.

Mr. Wiechemann.

STATEMENT OF MARK WIECHEMANN, DIRECTOR, LAKE ANDES-WAGNER WATER SYSTEMS, INC., ARMOUR, SD

Mr. WIECHEMANN. My name is Mark Wiechemann. I own and operate a farm within the proposed district.

40 years ago members of my family lost their home town to the reservoir created by the Fort Randall Dam. When these people living and working near the river were told they must leave their homes and farms, they were assured by the federal government that they would be compensated for their losses.

The major benefit they were to receive was to be a stabilized and dependable farm production by way of federal irrigation projects. Now, 40 years later, we are still waiting for the first irrigated acre from the Pick-Sloan Act that took so many acres from South Dakota and our county.

I fully appreciate the need to reduce federal spending, but I also believe in paying debts and keeping promises. South Dakota has done its part in bringing enormous benefits of Pick-Sloan to other states and regions. We have spent millions on studies that have been called for.

We are offering, from very limited resources, a substantial cost share proposal. If Congress in its collective conscience agrees that South Dakota is owed something, then let us work together to use that revenue originally designated by Pick-Sloan for irrigation development.

It would build something that would not only bring South Dakota badly needed development, but would also be a national asset in future years.

Thank you.

[The prepared statement of Mr. Wiechemann follows:]

SENATE SUBCOMMITTEE ON WATER & POWER

IN REFERENCE TO THE LAKE ANDES WAGNER/ MARTY II PROJECTS HEARING

Submitted by Mark Wiechmann

December 9, 1987

Forty years ago members of my family lost their home town to the reservoir created by Fort Randall Dam. When those people living and working near the river were told they must leave their farms and homes, they were assured by the Federal Government that they would be compensated for the permanent losses.

The major benefit they were to receive was to be a stabalized and dependable farm production by way of Federal irrigation projects.

Now forty years later we are still waiting for the first irrigated acre, from the Pick Sloan Act that took so many acres from South Dakota and our County.

I fully appreciate the need to reduce Federal spending. I also believe in paying debts and keeping promises.

South Dakota has done it's part in bringing the enormous benefits of Pick Sloan to other states and regions. We've spent millions on studies that have been called for. We are offering from very limited resources, a substantial cost share proposal.

If Congress in it's collective conscience agrees that South Dakota is owed something, then let us work together to use that revenue originally designated by Pick Sloan for irrigation development. We would build something that would not only bring South Dakota badly needed development, but would also be a National asset in future years.

Senator CONRAD. Thank you.
Now we will hear from Mr. Uecker.

STATEMENT OF JOHN UECKER, DIRECTOR, LAKE ANDES-WAGNER IRRIGATION DISTRICT, WAGNER, SD

Mr. UECKER. My name is John Uecker. I am a family farmer, about average size operation.

Senator CONRAD. What is that size?

Mr. UECKER. Probably around 1,000 acres. This is corn, I raise cattle, hogs. My mother-in-law lives with me. My mother lives a mile away on my dad's farm. So I am family.

And I raise hogs, cattle, corn, barley, grain, sorghum, hogs, oats, wheat. And my wife dresses 2,000 chickens a year for people in town. And you give me a dollar and I will raise it. That is just the way we are in South Dakota, diversified.

But one thing that really kills us is drought, and the comment—you asked about compensation. It kind of struck me, because if we just go back to the Pick-Sloan Act, I mean, we had two Senators and two Congressmen that made this Pick-Sloan Act. They said: Hey, you guys down here in Missouri and Sioux City, Iowa, you guys get this; but what we want is water development.

Our two Senators and two Congressmen made a hell of a deal. But we never got it. And here is one of the reasons. Back in 1959 and 1960, I was about a freshman in high school, and this irrigation district started up. And we were one of the best locations along the Missouri River from Sioux City to the North Dakota border, and the Bureau told us this.

And everything was feasible. They studied the heck out of us, looked good. They came out there and in those days they told you what they were going to do with you. Right where I live, where I bought my farm alongside my dad's, they wanted to build a dike and for six miles back they were going to take a mile and build three low-level dikes and have like a swamp.

And the good old boys that were on the district, that were in my position then, said that the fish, game and wildlife federal boys said you either go along with it or your project is going to go down the tubes and go back in line.

My dad was one of the guys that did not want to lose his farm. And it just so happens in 1959 we had a drought. And do you know what wildlife needs? Water. 90 percent of our wildlife died. In 1976 we had that much wildlife die.

I irrigate a quarter where my buildings are. The quality of the water is not too good. In 1976 I only had four pheasants on my farm, just from that water alone. In three years we shot 200 roosters off that. In one year my father-in-law came and hunted and he kept track of all he brought in, and he shot 200 roosters off that one quarter, 160 acres of irrigated land.

The thing that was hurt the worst was wildlife, and the federal fish, game and wildlife was one of the guys that stopped this. There is always somebody to stop this compensation. The hurdles are getting bigger. I think we are on our last hurdle, I really do.

But we never got the compensation. I mean, there is injustice. We holler injustice. But I farm. I am an average sized farmer. My

dad was. I farm where four guys farmed before. They were not too big farmers, but they all made a living.

And it is getting tough to make a living. I am scared to death of the next drought, because I will not be back here. I may have to go to Sioux City and get a job, or someplace, because the next drought, unless I can borrow enough money to develop enough irrigation on the ground, that is marginal.

But we need, our economy needs, a boost. Our young people—I have been involved with our young people. I am on the school board, coach Little League baseball. And you see these kids grow up; where do they go? We do a pretty good job.

Senator CONRAD. They go to Bismarck?

Mr. UECKER. I do not think so. They might go to Texas or California. They are just like us, they have got to go where the bucks are, and there ain't no bucks in farming.

We do a good job of raising young people out there, and we have got some young leadership in the Yankton-Sioux Tribe. These guys are really good, honest guys. And if we do not get this thing going now—and they realize it. They have got to work with us, we have got to work with them.

We have got a good community down there, we really do. But we need help economically, and all we want is what our two Senators and two Congressman said we were going to get. You know, what we have lost.

We will pay the sacrifice. And actually, our governor—we have got a good governor. He says, hey, we ain't going to get nothing unless we cost share.

But we do not know, if you give us everything, the authorization, whether it is going to work yet. We have got to get the old pencil out. And our people might not even go for it. If you do not put money back here in the community, the local government, it is not any good to us either. But we need something to get done.

We are just tired of jumping hurdles. But the Bureau has been one of the biggest hurdles. You know, they said they were going to do a study in six months. Have you ever seen them do a study in six months?

They have been studying us for like 30 years. We are still one of the best places along the Missouri River as far as lift, soil, everything goes. We are one of the best places.

But we still have not gotten no study, because there is always that hurdle jump. And the fish, game and wildlife guy that stopped that project because my dad did not want to move—the wildlife suffered, and he is the guy that is supposed to be—and anybody who wants to talk about wildlife, I am a hunter and a fisherman and my father-in-law has lived on Lake Andes all his life.

It dries up every 20 years. Thousands of ducks die from—I am sure you can understand it or have heard about it.

Senator CONRAD. I have relatives that live on Lake Andes.

Mr. UECKER. Wildlife has got to have water, and that is what we are trying to do, is move this water around, and we are going to have wildlife. I can prove it to you. I have lived there all my life.

When Shudder Creek dries up, we have lost cattle in 1959 drinking out of the creek, polluted water. It is really a tool for our young people is why I am here. It is not really for myself because by the

time it gets going—and I have got six daughters. I do not have a boy to farm. That is why I have got six daughters, trying to have that boy.

But you know, the future ain't in farming and we have got to put it back for our community. But we need it for economic development for our kids.

We have got a school. I am on the school board down in Wagner. We had 300 kids like three or four years ago. Now we are down to about 175, something like that, right in there. It varies a little bit. We are going down in enrollment.

What do you do? You have got to raise taxes on the guys you have still got there.

All we need is something to stabilize our economy and this is the only tool we have got. If we could dig an oil well or mine coal, we would be doing it. We are diversified people back there. Really, if you people let us do it I will till the ground.

I think I have said enough. Thank you.

[The prepared statement of Mr. Uecker follows:]

SENATE SUBCOMMITTEE ON WATER & POWER

IN REFERENCE TO THE LAKE ANDES WAGNER/ MARTY II PROJECTS HEARING

Submitted by John Uecker

December 11, 1987

My name is John Uecker. I live on a farm, three miles North and one half mile West of Wagner with my wife and 6 daughters. I am an average size farmer with an average size debt load.

I farm where four farmers used to farm when I was in high school, and all four made a more stable living than I can now.

Back in the late 50's and early 60's, we were in line for an irrigation project through the bureau. The Federal Fish, Game and Wildlife killed this project. They called it lack of local support. The bottom line is that local farmers wouldn't give up six miles of good farm ground along Chateau Creek to create a man-made swamp. Who suffered? The Wildlife.

In 1959 to 1976 we lost the biggest share of our wildlife through drought related conditions.

Our congressional deligation in the 40's gave away a lot of electricity to get irrigation where it is .

I am on the local school board in the Wagner community school. Our enrollment has dropped 35% in the last 3 years, and if it weren't for our Indian community it would be worse than that.

I could go on all day on reasons our community should have this project. You tell me why we should't have it?

We have a good clean life back in South Dakota, but a lot of joy is taken away with an economy that is controlled by the weather and the U.S. Government. Neither is very predictable.

Senator CONRAD. Thank you very much.
Ms. Cerny.

STATEMENT OF PATRICIA L. CERNY, CHAIRMAN, SOUTHERN MISSOURI WATER DEVELOPMENT DISTRICT, BURKE, SD

Ms. CERNY. Senator Conrad, my name is Pat Cerny and I am Chairman of the Board of Directors of the Southern Missouri Water Development District, which is a political subdivision of government in the area, six and a third counties bordering both sides of the river.

Our board of directors is elected by the people. Our budget for the district this year, the southern Missouri district, was $170,000, give or take a few. Over 60 percent of that went for project assistance, small projects, community projects, all involving water. And we have two major projects in the area, one of which is the Lake Andes-Wagner Marty II.

I am also a farmer and I live in Gregory County, across the river. We in Gregory County have almost 17,000 acres of land that are owned by the Rosebud Sioux Tribe. You have heard of the Yankton-Sioux being in the project area. You get across the river going West, that is the Rosebud Sioux.

Much of their land is ranch land, and ranch land for all owners depends upon water to keep the cattle on that land. And when the drought hits, which at least every ten years we are in a good drought in Gregory County, the cattle have to either be moved to irrigated lands in Nebraska, we have to transport grain and hay in, or we have to sell down.

And it usually happens that we sell down. The last big drought was in the 1978 area and we lost 26 percent of the herd out of Gregory County, and most of those have not been built back up. So we lost the quality along with the quantity.

We reside over in Gregory County in the 16-mile cost efficient area, our zone. And that is a zone that is utilized by our farmers and ranchers, that by the utilization of trucking—which, by the way, we have no rail service, so we rely on trucks for every commodity that we use.

The 16-mile zone area is what the farmers and ranchers figure that they can afford to haul in that distance grain and hay to maintain herds during times of drought. And the Lake Andes-Wagner Marty II project is within that 16 mile area for us, and we could find it of great benefit when our counties on our side of the river are in a drought situation.

As in all other small towns—and my small town has a population of about 850—we have our coffee groups all over. The one coffee group that I happen to belong to, we have one member who, because of age and health, has had to resign from her job as a hospital aide. She is now on—her only income now is social security and the rent off of her tribal land.

At the next drought, she is going to be in dire circumstance of those cattle have to be moved off of that land, because she is going to lose part of her income. If the drought situation gets too bad, I cannot sell my land and move. She cannot.

It is very, very difficult to sell Indian land, as it should be, for inheritance purposes and to keep it within the tribal complex. But she is much more at the mercy of Mother Nature than I, and we in our area are definitely at the mercy of Mother Nature.

We feel that it is much more sensible to provide a stable environment and income for people than to spend the dollars we do to recoup from a drought and for welfare, which causes the head to tilt down, rather than allows the head to be held high proudly.

And we in the Southern Missouri Water Development District unanimously support this project and hope that Congress will forward it to authorization and appropriation to finalize it.

Thank you.

[The prepared statement of Ms. Cerny follows:]

Southern Missouri Water Development District

BOARD OF DIRECTORS:
PATRICIA CERNY, CHAIRMAN
BOB SLADE, VICE-CHAIRMAN
CATHERINE WERNKE, SECRETARY
REX WINTER, TREASURER
GEORGE HERROLD
RALPH REIMER
MARVIN LARSON
MANAGER: LYLE LABEREE
CLERK: NANCY BARRICK

P.O. BOX 43
DOUGLAS COUNTY COURTHOUSE
ARMOUR, SOUTH DAKOTA 57313

(605) 724-2624

December 10, 1987

Chairman Bradley and Members of the Subcommittee on Water and Power, I am here today as the Chairman of the Board of the Southern Missouri Water Development District, and as a farmer residing near the project area.

The Southern Missouri Water Development District is comprised of 6 1/3 counties, bordering both sides of the Missouri River. Our Board of Directors is elected by the people, and we represent either rural or municipal entities.

Our budget this year was approximately $170,000, of which over 60% went for project assistance, 13% for administration and technical assistance, less than 12% for Board expenses and requirements, and 15% for repayment to State for our 'start-up' loan, legal and consultant costs and contingency fund. Project assistance included dam safety, rural and community water systems, and two of South Dakota's major water projects, one of which is the Lake Andes/Wagner-Marty II. We enjoy a close working relationship with the project sponsors. The Board of Directors unanimously supports this project.

I live and farm in Gregory County, on the western side of the river, and we in Gregory County are most enthused about the potential of this project as a benefit to our area, as are many others in other counties outside the boundaries of the project.

We have 16,975 acres of land in Gregory County owned by the Rosebud Sioux. Much of this is ranch land and their income, just as all ranchers in the area, depends upon the herd operation. We sustain small droughts quite often. We lost our corn crop last year, and our oats crop this year. About every 10 years, we sustain a heavy drought. Our ranchers and farmers have had to winter herds on irrigated land in Nebraska or 'sell down'. During our last drought, we sustained an outmigration of 26% of our herds. We would most welcome the project as an assurance of a stable supply of grain and hay near enough so that hauling costs are not prohibitive. We have no rail service and rely on trucking for every commodity we utilize. We are within the 60-mile cost efficient zone of this project. The 60-mile cost efficient zone is an economic base used by farmers and ranchers to determine whether is it cheaper to ship in grain and/or hay, or to haul the cattle to other areas of the country or to sell down which depletes herd quality along with quantity.

As in all small towns, we have our coffee groups. My coffee group has one member who has recently retired as a hospital aide. Her sole income is now Social Security and rent off her Tribal land. The next drought will cause her a dire hardship if the cattle are moved to another area or sold. She is one of many in this status. I can sell my land and move. Indian land is most difficult to sell (as it should be to protect inheritance), consequently, she is more at the mercy of Mother Nature than I. It is much more sensible to provide a stable environment and income for people, than spend the dollars we do to recoup from drought, and for welfare which causes the head to tilt downward rather than allows for the head to be held high proudly.

Respectfully submitted,

Patricia L. Cerny, Chairman of the Board
Southern Missouri Water Development District
Rt. 1 Box 2
Burke, S.D. 57523

Senator CONRAD. Thank you.
Mr. Laberee.

STATEMENT OF LYLE LABEREE, MANGER, SOUTHERN MISSOURI WATER DEVELOPMENT DISTRICT, ARMOUR, SD

Mr. LABEREE. Senator Conrad, it is a pleasure to be here and we want to thank you for holding this hearing. I am quite proud of the members that have testified here and I am sure that they could go on for many hours giving you information that would help you and your Committee.

I do have one question. Who are your relatives in Lake Andes? Do you want me to say hello to them?

Senator CONRAD. Yes. You go back and do that. They have told me years ago about this problem of Lake Andes, the water level going down. So I had some good lobbying done a long time ago.

Mr. LABEREE. Good.

My name is Lyle Laberee and I am the manager of the Southern Missouri Water Development District. It was over 24 years ago that I moved into the Lake Andes-Wagner area as a resource conservation and development coordinator.

When spring came in 1964 and the ice went off of Lake Francis Case, I was delighted to see the beautiful blue waters behind Fort Randall Dam. And today I sit here and wonder what has happened in those 24 years?

And I have had a part over the years in developing rural water districts, small irrigation projects, and so forth. John was mentioning about what was happening back there in 1959, and I arrived there when they had the meeting in the courthouse when the farmers were up in arms about what they were going to do to Shudder Creek and all the wildlife benefits that they wanted and so forth.

That was in 1964. In 1970, the Bureau started land classification for sprinkler irrigation. About two-thirds through the land classification for sprinklers, the funds were rescinded.

About that time the farmers decided, well, they were going to go private, so they passed a bond issue. When they got through with their study, why, it was too costly, plus there was a feeling that they would never receive what they had been promised as far as the low cost power.

In the eighties, why, I happened to be in a meeting in Mitchell, I believe it was, and I heard that the Bureau was considering a restudy of the area. At that time it was 13,500.

Well, it has gone to 45,000 now. But today is the fourth hearing that I have been involved in in the Lake Andes-Wagner irrigation, and as far as I am concerned, I do not want to offend anybody, but I do not enjoy coming to Washington, D.C., and walking through tunnels from one building to the other. There are other things I would rather do.

But I assume that this testimony is going to be entered into the record, is it not?

Senator CONRAD. That is correct. All written testimony will be entered into the record and we will also hold the record open for another two weeks so that additional testimony that you might want to provide could be entered into the record.

Mr. LABEREE. I guess the rest of the people kind of put me here for the cleanup, Pat and myself. But I have made a few notes during the testimony and I think there are some things that were maybe left out.

And I had the opportunity to be on an environmental review team that consisted of the Fish and Wildlife Service, Game, Fish, and Parks, and environmentals from the Bureau of Reclamation. And it was a random sample where they checked the woodlands and they checked the grassland and the wetland and so forth.

And it was almost comical when they came to those woodlands that there were overgrazed. You could have seen a jackrabbit 40 yards away. As a matter of fact, why, I got to the point of saying: Gee, I think with a random sample you could do better than that.

So as you will see in the plan, as wildlife units, rather than acre per acre, we can do more with one acre of good woodland than we can with ten of bad woodlands. And that is an acceptable method for the Fish and Wildlife Service, Game and Parks, and the Bureau.

So if you hear something about it should be acre for acre, why, I would just as soon have that in the record, you can do more with one good acre than you can with ten poor ones.

And with that, I believe I will conclude my testimony, because the rest of it is in written form.

[The prepared statement of Mr. Laberee follows:]

TESTIMONY FOR
LAKE ANDES-WAGNER/MARTY II IRRIGATION PROJECT (S.1431)
BEFORE SENATE SUB-COMMITTEE ON WATER AND POWER
DECEMBER 15, 1987
WASHINGTON, D.C

Senator Bradley and members of the Senate Sub-Committee on Water and Power; my name is Lyle Laberee, Manager of the Southern Missouri Water Development District.

Nearly twenty-four years ago I moved to the Lake Andes-Wagner area as a Resource Conservation and Development Coordinator. When spring came in 1964, I was delighted to see the beautiful blue waters of Lake Francis Case backed up behind Fort Randall Dam. My first thoughts were how wonderful to have such a wonderful natural resource to go along with the land.

Today, I wonder what happened in the twenty-four years that I have been in the area. I have had a part in getting rural water districts organized and operating in the area and have also helped get four small irrigation districts organized and operating. However, the first month that I moved to Lake Andes there was a meeting at the Charles Mix County Courthouse in regard to the Lake Andes-Wagner Irrigation project. That was nearly twenty-four years ago, and the project has not yet been authorized as part of the Pick-Sloan Plan.

It has been a flustering process:

1964 — Bureau of Reclamation had plans for 20,000 acres of irrigation. Wildlife interests and landowners were at odds.

1970's — Bureau of Reclamation started land classification for sprinkler irrigation - two-thirds complete when funds were rescinded.

Late 1970's .	Landowners decided to go private. (Results were too costly plus the feeling that the government had promised low cost power.)
1980's	Bureau of Reclamation - Restudy of area with accelerated planning process, more public involvement.
1987	Today is the fourth hearing on the Lake Andes-Wagner Irrigation project. It is time to authorize the project so the citizens can receive the promise of Pick-Sloan.

The citizens of South Dakota were promised two kinds of benefits for irrigation as part of the Pick-Sloan Plan. First, hydropower revenues were to be used to pay the portion of irrigation project costs that were beyond the capacity of the irrigators to repay. Second, low-cost pumping power was to be provided to irrigators.

The power that was to be available for irrigators was supposed to be reserved for irrigation under the "Ultimate Development Concept" and "temporarily" allocated to other power consumers pending development of the irrigation projects. After 43 years, many people have grown comfortable with the status quo and do not remember, or perhaps never knew, that a portion of power revenues are legally reserved for irrigators and that irrigators are entitled to low-cost pumping power.

There are people saying, "Why irrigate? We have surplus crops now". In our area we are not blessed with the rainfall that eastern South Dakota and states east of us receive, and we need irrigation to provide a stable supply of livestock feed. South Dakota is basically a livestock state, but dry cycles do

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not allow us to maintain our herds and feeding operations. Some of you will remember the drought we had in 1976. Livestock numbers have never come back up to where they were before the drought.

My Board feels that the water of the Missouri River is one of our most valuable natural resources and the citizens of South Dakota are entitled to receive benefits that were promised as part of the Pick-Sloan Plan.

Senator Bradley and committee members, we thank you for holding this hearing and encourage you and your committee to give S.1431 favorable consideration.

Senator CONRAD. Again, we have had excellent testimony from this panel.

I would be interested to know how frequently have you experienced drought in the area that would be covered by this project?

Mr. LABEREE. I would say about every ten years. You said you are familiar with Lake Andes. When I moved there, it had filled up. That was the early sixties, 1964. I know it was dry in 1959. I went by the lake in 1959.

And in the seventies it was dry again.

Senator CONRAD. In the seventies it was dry again?

Mr. LABEREE. Yes.

Senator CONRAD. What is the status of it right now? If we were to go there today, what is the status of Lake Andes in terms of the level?

Mr. LABEREE. It is full right now.

Senator CONRAD. We have had a very wet period. You have experienced what we have experienced in North Dakota?

Mr. LABEREE. Correct. And in addition to that, right now there is the Game, Fish and Parks and the Fish and Wildlife are thinking, even outside of the irrigation project, that maybe they should be diverting water from Lake Andes pipeline into the south unit to maintain the level of that.

Now, that is another feature of the Lake Andes-Wagner that would be so simple, to turn a turnout if we had that canal going around there, to dump water when they were not pumping for irrigation, that we could keep the lake and the wildlife interests where they should be.

Ms. CERNY. Senator, may I make a comment on the droughts?

Senator CONRAD. Certainly.

Ms. CERNY. About every ten years you do hear of us having a drought. But our rain cycle is such that we never know when. Last year we lost our entire corn crop. The rains did not come at the right time for corn.

This year our corn is beautiful. We lost our oats crop. It seems like Gregory County will be in drought, part of it for one crop, and where the Lake Andes project area will be in a drought for another type of crop.

But major droughts, about every ten years. But we do lose a crop of some kind or another about every other year.

Mr. UECKER. I would like to make a comment on the drought. We had a severe drought in 1959. One of the reasons I remember that is I was a freshman in high school and I had an FFA project, you had to take a piece of land and rent your dad's tractor and do all this. I lost $28.40 an acre with the drought and everything, and that was in 1959.

It took three years—my dad bought a new car and borrowed $2,000, and it took him three years to pay it off, and he had all his land clear. I lost $28.40. I only had ten acres and I sold it to him for like four dollars to turn the cows into it.

I mean, this is what scares me. If we get another 1959 with the economic situation like it is now—I have had five good years. I mean, I have raised bumper crops and I am breaking even.

And what happens when my combine wears out?

Senator CONRAD. That was my next question. Maybe you could just describe, because I think it is important to have this in the record—how would you describe economic conditions in the area that would be affected by this project?

We hear a lot of talk about things in the agricultural community, rural communities, are improving. How would you describe economic conditions now, let us just say in several terms?

What is the population of this area compared to ten years ago? What is happening to the small towns? Are businesses closing on Main Street? And what would you say is the attitude of farmers in this area?

Would you say they feel the economy is very strong? Would you say a high level of anxiety? How would you describe the economic conditions in this area?

Mr. UECKER. Economic conditions and the like in my situation is as good as the government. I am living off the government program, and if I did not I would be broke now.

Senator CONRAD. Well, you would like to read the Washington Post today then. They say——

Mr. UECKER. I mean, it is sad news. I do not like it. This smart economic sense for me. I have got—I mean, the government pays me like $30,000 to plant 80 percent of my crop. The most money I ever made in my life was in 1983 when we had the PIC program. I put all my land in the government program.

Now they give me just as much money, but they make me farm 80 percent of it, so I can lose some of that they are giving me. Basically that is what I am doing.

Ms. CERNY. Our business is all closing. Our population is declining. And the most frightening aspect is that we have nothing to keep our young people there.

We also have a problem with our churches, our service organizations, trying to keep the membership up in those service organizations. And those are the ones that are the heart of the community and are really the local welfare services and assisting entities, girl scouts, the nursing home, et cetera.

We are having trouble keeping our hospitals. The whole situation is in a decline, and part of it is the lack of stability that we have had. And when you cannot depend on crops, when you cannot bring in and keep cattle feeding operations, hog operations, any kind of manufacturing, because you do not know whether you are going to have a herd there or not or the grain there or not, then you are going downhill.

And that is what is happening to us, and we must have the stability in order to maintain it.

Mr. UECKER. I would like to make one more comment. I coach little league baseball. Half my kids are Indian boys, and they are good kids. I have learned a lot in the last few years I have been coaching. I have been umpiring and coaching for seven years. And these are really good kids.

But it goes back to home. The kids that do have trouble have got a dad that has not got a job, that has got an alcohol problem or something. These kids that have good dads—and you know, Steve Cournoyer here is a good dad and he has got two of the best boys that ever went through the program.

Even the Indian dads have got to have jobs. I mean, the economy—we have got to do something that is good for the whole community.

Senator CONRAD. Is there anybody who can give me a rough estimate of what has happened to the population in this area in the last ten years?

Mr. GOLDHAMMER. Let me go back to the time that the Fort Randall Dam was built and let us start about 1950. Since that time our population has decreased 58 percent. That is in our county.

We now have a little over 9,000 people left, and at one time, Senator, we quoted 20 percent was Indian. But because of that we have had farm families leave and had small businesses, as Pat related to, have had to move on, our young people have not stayed in the community, they had to move on, those people are gone.

So really, when Steve and I a couple of days before coming here checked the figures, and Louis and Steve got the latest figures, we really have about a 30 percent Indian population rather than a 20 percent. And that is because many of the non-Indians have moved on to find some jobs in other places.

And as Pat related, it is not that easy for an Indian family to pick up and relocate or to leave, because their total possessions are tied up within inheritance. And Steve and the tribal community have tried to mitigate that in some small ways by buying out some of the smaller percentages.

But let me recite very quickly some figures on our work force situation. In that work force—and that includes the Indian and the non-Indian, by the way—we have almost 4,000 women. And as I quoted, we have a little better than 9,000 people in the county.

So just about every lady that is of working age or is able to work has some type of job, and most of those are in the service things, anywhere from the schools to the public health hospital to the community hospital to the nursing home, and so forth, and some of them in our small town stores and so forth as clerks and what have you.

But what really disturbs us on the local level and something that we desperately need to do something about, we have a per capita income in the county of $4,171, and that was substantiated today also by the governor. I think we are off about two or three dollars on our figures, but $4,000 is a realistic average for per capita.

Our work force in our families, we have 371 families in the county with an annual income of less than $2,500. We have 491 families with annual income ranging from $2,500 to $4,999. We have an additional 404 families with an annual income ranging from $5,000 to $7,500.

So even though it is a sad report, I guess, 20 percent of the county's population requires some kind of welfare assistance, and that is a tremendous load.

The land that we lost to the facilities on the river, we lost the tax base on that, we lost the income producing thing. And it is another subject that—we could enter the Leech Report into the record if you wanted to, but I think that might be a little bit ridiculous.

But you know, we have probably lost as much as—the way I figure it, compared and averaged out on the state—as you are

aware, Senator Conrad, North Dakota did an inundated lands study to see what that impact was, too. But it really means that if we had that land in production in Charles Mix County and we had those additional families in Charles Mix County, that would amount to about another $9 million of money that would turn in our community, would contribute to the problem, as John said, to the school situation.

Let me recite the school situation. At one time we had over 100 common school districts in our county and we are now down to four. We have one in the small town of Platte, South Dakota, we have one in Gettes, we have one in Lake Andes, we have one in Wagner.

And they are taken care of through the tax base. We have one additional school that is a remnant of the Marty Indian school that the Catholic sisters at one time operated and now operated by the tribe.

The point being, we no longer have a school in Ravinas, South Dakota, we no longer have a school in Greenwood, we no longer have a school in Dante, and on and on, you know, to the other little villages.

Senator CONRAD. The picture is pretty clear. I mean, we have what we see in many parts of my state. You have a rural area that is heavily stressed. The infrastructure is under tremendous pressure as we lose population. The small towns are being hurt very badly, and the more pressure we put on those who remain.

That would sum up what is happening to you. We see it all across my state as well.

Let me just say that we are going to have to proceed quickly to the next witness if we are to complete the schedule we have been asked to keep for today. And let me thank all of you very much for really excellent testimony.

Let me just tell you that as vice chairman of this Committee I have heard from my good friend Tom Daschle frequently on the need to have this hearing. And Larry Pressler has put in his oar as well, and Tim Johnson I know has got a strong interest on this on the House side. So your delegation has been as aggressive as any in pushing to see that you get paid attention to, and I commend them for that.

And I commend you for taking the time to come once again, as Mr. Leberee points out, to push for this project. That is what it takes, unfortunately, to get things through here.

Thank you very much.

Finally, we are going to hear from Mr. David Campbell of the National Wildlife Federation. Is Mr. Campbell here?

Mr. Campbell, if you would like to proceed.

STATEMENT OF DAVID C. CAMPBELL, RESOURCES ECONOMIST, NATIONAL WILDLIFE FEDERATION

Mr. CAMPBELL. I am the resources economist for the National Wildlife Federation. The Federation, as you know, is the nation's largest conservation organization, with over 4.8 million members, supporters, 51 State affiliate organizations, including the South

Dakota Wildlife Federation and the North Dakota Wildlife Federation.

As you have heard today, these projects under consideration begin to make sense only when viewed in a context of the Pick-Sloan Missouri Basin program, its previous successes and failures and its promised performance in South Dakota.

So we believe this hearing is an important opportunity to re-examine the Pick-Sloan plan and to formulate a program that reflects contemporary conditions and perspectives.

On the Lyman-Jones rural water development project in particular, the Federation supports the authorization of Lyman-Jones water development project, and the South Dakota Wildlife Federation is also on record supporting Lyman-Jones.

Our support is conditioned on some safeguards being incorporated in the authorizing statute. I think these safeguards can easily be agreed to by the project sponsors.

The first condition was mentioned by Commissioner Duvall that a final feasibility study and environmental impact statement be prepared on the project. As you know, no feasibility study or EIS has been prepared to date. There seems to be some disagreement among the sponsors and the Bureau of Reclamation as to who and when the feasibility study is prepared.

We also believe that the project sponsors agreed to adopt and implement a strong water conservation program, and that should be quite easy because of the water quality in the region. Water has not been overly consumed.

Third——

Senator CONRAD. Maybe I could just stop you there. I am not sure I understand the point that you are making on water quality.

Mr. CAMPBELL. I am making a point on water conservation.

Senator CONRAD. I am sorry, water conservation.

Mr. CAMPBELL. That as a condition the sponsors agree to a water conservation plan. That is in the Reclamation Reform Act and other federal projects.

Senator CONRAD. Let me ask you, if I could, to comment. Perhaps you are not the one to ask, but do you have any knowledge of the water quality question in this area? We had a demonstration with some items here that were entered into the record that showed what appear to be some fairly serious water quality questions.

I am wondering if the Wildlife Federation, those people that are onsite there, have given reports to you on water quality questions.

Mr. CAMPBELL. Yes, they have, and the water quality is quite bad in that area.

Senator CONRAD. That is a serious consideration, I would guess, for the conditional support that you have given the project?

Mr. CAMPBELL. Right.

The third condition is that Congress clarify and define the terms of repayment for the 25 percent of the costs that are to be shared by the non-federal interests.

In regards to the Lake Andes-Wagner unit, as was mentioned by the previous panel, the problems are the economics of the project and the environmental impacts. As you read the plan, feasibility report, you will see that the cost of this project is about $3,000 an acre in 1985 dollars, probably a little higher today.

At the most, it would change the value of the land, increase the value of the land by about $500 an acre. That is not a good economic investment for the nation, to invest $3,000 in order to recoup about $500.

I think Mr. Duvall mentioned that it is one of the reasons that the plan is sitting in the Secretary's office right now.

There is again the condition that Commissioner Duvall mentioned, too, which was the plan does propose to convert wetlands and grasslands to cropland. I believe that is just a little bit over 5,000 acres. And we are in a time period of crop surpluses.

In South Dakota alone, farmers have signed up to agree not to grow crops on 860,000 acres and entered those lands in the conservation reserve. So there is an inconsistency if the project does convert those 5,000 acres at the same time when 860,000 acres is being voluntarily idled in the state.

Senator CONRAD. Let me ask you, if I can interrupt for just a moment, are you familiar with the last time in this country we had a fear of shortages of agricultural production?

Mr. CAMPBELL. 1974.

Senator CONRAD. And it is fascinating. You know, we go through these cycles. We see it in oil and gas. Remember in the late seventies we were told as a nation: Look out, you are about to have such severe shortages of natural gas; convert everything you can convert; turn it over to coal, get it over to anything that you can to get away from oil.

In agriculture, in the seventies the word was that we were headed for such severe shortages that we had better plant fencerow to fencerow and irrigate wherever possible. And now of course we are at the other end of the cycle.

Do you ever wonder when the worm is going to turn next? What I am asking is, do you think that this condition is permanent, that we are in surplus?

Mr. CAMPBELL. There is a recent report by the Office of Technological Assessment that predicts an increase in agricultural efficiency of about 1.2 percent every year. And you are sitting with—the gentleman who walked through the tunnels here probably ran into a lot of yuppies who are not eating his meat.

So we have increased efficiency by farmers, which in the long run is harming them.

Senator CONRAD. You know, that is the very same group that said, the Office of Technology Assessment—and quite often they do a good job. But you know, that is the very same group that said we were headed for terrible shortages of natural gas.

And now we have such an abundance, people who have take or pay contracts will not take the gas. It reminds me of a CIA study—you know, and a lot of excellent people there, outstanding intellects, all the information available to them.

And what did they tell us in the late seventies about energy? It just leaves me a little cautious about projections of what is going to be in surplus and what is going to be in short supply.

Mr. CAMPBELL. Again, that is the reason these 860,000 acres only signed up for ten years.

The drainage problems are, we think, still uncertain, and the remedies are much—I guess equally uncertain.

Senator CONRAD. What are the drainage problems from your perspective that exist? Is that an environmental question in terms of transfer?

Mr. CAMPBELL. Into the creeks, back into the rivers, into the wetlands, into Lake Andes-Wagner. As you know, beginning with the discovery of selenium at the wildlife refuge, there has been other studies by the Fish and Wildlife Service, even by some newspaper reporters for the Sacramento Bee that went around with buckets.

But the salt water problems and the problems of chemicals being contained in the runoff is quite prevalent through the nation. The Wilton Mohawk project in Arizona has been one of the most costly for us.

The Bureau of Reclamation has never taken a good broad look at the problem of irrigation runoff. It is not a program that they have addressed or even planned to address in their new mission.

We are pleased that the project sponsors have recognized the problem of the drainage facilities and we have not examined their cost sharing proposal yet. Earlier when you were out of the room, Senator, Commissioner Duvall said that they would have their estimates or evaluation of the cost sharing proposal ready in three weeks.

And we would like to look at it, too, because by discounting the present value of the local contribution, the timing could affect the percentage that is being locally cost shared.

Again, if and when Congress does authorize the project, we believe that the Garrison Diversion Reformulation Act conditions provide a good example for the conditions that could be imposed on the Lake Andes-Wagner project.

Senator CONRAD. You might find a disagreement from the people in North Dakota on that.

Mr. CAMPBELL. Well, that was agreed to, as you know. The National Wildlife Federation was a part of the team that agreed on the proposal and the conditions for irrigation water there.

One condition was full cost repayment from water delivered to grow crops declared in surplus for that year by the Secretary of Agriculture. We think that a solution for the water quality effects of drainage should be found acceptable by the U.S. Environmental Protection Agency, the Fish and Wildlife Service, the South Dakota Department of Game, Fish, and Parks, and the Yankton-Sioux Tribe.

As you know, the Yankton-Sioux Tribe has claims on a certain percentage of the subsurface of the lands under Lake Andes.

Something else we think that should be put in every Bureau project is the indexing of appropriations authorized for the project, so that they only apply to the costs remaining in the project. Obviously if you have 95 percent of the project finished and costs rise ten percent, you don't raise the costs for the whole project. You just raise it for the remaining five percent.

But the practice of raising it for the 100 percent has been quite common.

Again, I think unless it can be shown otherwise, we would ask for mitigation on an acre and acre basis. But we are willng to be proved wrong on that point. We ask that the annual amortization of any costs over the ability to pay determination to be repaid by

power revenues, and I noted that Commissioner Duvall asked for that as a condition for the Administration's support earlier.

We think that the farmers themselves should accept and sign the repayment contracts before construction commences.

I would like now just to briefly discuss the Pick-Sloan ledger, let us say, we call that in South Dakota. We have heard today claims that the federal government has not fulfilled its commitments to construct several water resource projects as compensation to the loss of valuable bottom lands flooded by the reservoir behind Oahe and Fort Randall Dams.

The Federation suggests that the Committee prepare an accounting of the federal water resource development debits and credits in South Dakota. We have heard some I think very sad stories today about the debits resulting from the mainstem reservoirs.

But there is also many credits from the Pick-Sloan project that are overlooked by the state. For example, the 1.8 billion kilowatt hours of subsidized power that is received by South Dakota customers every year. The subsidy is worth at least $30 million below any market prices. They have 8 million visitor days of recreation on the four Missouri River mainstem reservoirs. Some of the best wildlife fishing is available.

Recently three non-federal irrigation projects--Belle Fourche, Grass Rope, Hilltop-Gray Goose—were integrated in the Pick-Sloan program at a cost to federal taxpayers of over $100 million.

The Webb rural development water project is under construction. Last year Congress authorized the Gregory County pump storage hydroelectric project for the Corps of Engineers, and irrigation facilities associated with the Gregory County project for the Bureau of Reclamation. And Congress has also authorized the James River flood control project by the Corps.

We think there are few, if any, water resource projects with net economic and environmental benefits remaining unbuilt in South Dakota. We believe that Congress should recognize this reality and close the books, taking the following actions, we think:

De-authorize all unbuilt water resource projects in South Dakota authorized by the Flood Control Act of 1944;

De-authorize further study of the Sendak unit, that used to be called the Oahe unit and was voted down by the farmers there;

Clarify the terms of repayment for the Webb rural water supply project.

Something that Governor Mickelson supported earlier today was to mitigate for the Oahe dam and reservoir. We could authorize—you could authorize and fund a South Dakota wetlands trust similar to that created as part of the Garrison Diversion Reformulation Act.

Authorize the segment of the James River in Brown and Spink Counties for study as a possible addition to the National Wild and Scenic River System.

We believe after this ledger has been closed, then state water resource plans can be judged on their individual merits and not on the basis of repaying what is perceived as historic, but unquantified, political debt.

[The prepared statement of Mr. Campbell follows:]

Working for the Nature of Tomorrow

NATIONAL WILDLIFE FEDERATION

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Statement of

David C. Campbell
Resources Economist

Regarding S. 1431 and S. 1416
Lake Andes-Wagner Unit, Pick-Sloan Missouri Basin Program,
and the Lyman-Jones Water Development Project

before the

Subcommittee on Water and Power
of the
Committee on Energy and Natural Resources

United States Senate

December 15, 1987

I am pleased to be here this afternoon to present the views of the National Wildlife Federation on Federal water resources plans, policies, and projects in South Dakota. The Federation is the nation's largest conservation organization with over 4.8 million members and supporters and 51 state affiliate organizations, including the South Dakota Wildlife Federation.

The projects under consideration today begin to make sense only when viewed in the context of the Pick-Sloan Missouri Basin Program -- its previous successes and failures, and its promises and performance in South Dakota. For this reason, we believe this hearing on the proposed Lake Andes-Wagner and Lyman-Jones projects is an important opportunity for the committee to reexamine the 1944 Pick-Sloan plan for Federal water resources development in South Dakota and to formulate a program that reflects contemporary conditions and perspectives.

My testimony today consists of three parts: (1) a summary of the reasons why authorization of the Lake Andes-Wagner Unit would be bad public policy; (2) expression of our conditional support for the Lyman-Jones Rural Water Development Project; and (3) a proposed set of water resources actions that would close out the Pick-Sloan account in South Dakota.

The proposed Lake Andes-Wagner Unit

The proposed Lake Andes-Wagner irrigation project is not a good public investment. We urge the Committee not to authorize it.

The Bureau of Reclamation's Lake Andes-Wagner Unit would irrigate 45,000 acres in Charles Mix County, South Dakota to increase the production of corn, soybeans, potatoes, and feed grains. The principal features would be the main pumping plant at the existing Francis Case Reservoir on the Missouri River, six large relift pumping plants, five smaller relift pumping plants, and the main canal system. The drainage system would be installed in phases, as required, beginning soon after the fifth year of project operation.

Economics of the project

The total economic investment costs are estimated to be $140 million in 1985 dollars, plus annual operations and maintenance expenses of $1.6 million. The Bureau of Reclamation presents two benefit estimates in the planning report. Using evaluation procedures prescribed by the U. S. Water Resources Council and applying FY 1985 normalized crop prices issued by the U.S. Department of Agriculture the net present value of the benefits, calculated at 8 3/8%, is estimated to be $85 million, much less than the cost. The Bureau then devised "customized" benefit evaluation procedures, and crop prices much higher than experienced during the past five years, to raise the estimated present value of the benefits to $142 million, approximately equal to the economic costs.

With a cost of over $3,000 per acre, the project is expensive. In contrast, the price of irrigated land in the area is less than $1,000 per acre. Moreover, providing irrigation to these lands will increase their value by less than $500 per acre. Thus, the nation will lose over $2,500 per acre, or over $100 million, when evaluated by the change in land values, a procedure explicitly described in the Water

Resources Council's Principles and Guidelines. The "home-cooked" benefit evaluation methodology used by the Bureau of Reclamation has not been approved by the Council.

Even though taxpayers will subsidize two-thirds of the cost of the project, farmers will be able to repay the remaining investment costs only if the Bureau's benefit estimates are accurate. We don't believe they are. We predict farmers will express their disbelief by refusing to sign repayment contracts for this expensive project.

Inconsistency with other Federal policies and programs.

The Lake Andes-Wagner project is uneconomic and has unresolved environmental problems. The nation does not need the additional crop production from the intensified use of 40,000 acres of existing croplands and the conversion of over 5,000 acres to new cropland in the Lake Andes-Wagner area. During the past two years, while the Lake Andes-Wagner Plan was being reviewed, South Dakota farmers signed agreements to remove over 860,000 acres from production by placing them in the Conservation Reserve.

The bill proposes to reduce the impact of such inconsistencies by limiting the amount of farm subsidies to those paid to project farmers in prior years for surplus crops when farmed as drylands. In other words, the Department of Agriculture would not make payments for the additional production grown because of the provision of irrigated water. This watered-down surplus crop provision will not solve the basic inconsistency problem in the Lake Andes-Wagner Project--the Federal subsidy of irrigation water to grow additional crops that are frequently, if not chronically, in surplus. While the language of the bill seeks to prevent the double subsidy of individuals served by the project, it will still allow the Bureau to reduce farm income outside the project area by boosting production of surplus crops.

Unresolved environmental issues

The effects of irrigation return flows are uncertain and the remedies for the probable adverse effects are even more speculative. The South Dakota Department of Game, Fish, and Parks has commented that the dilution of return flow water addresses only one aspect of potential water quality problems and a solution to the

accumulation of Total Dissolved Solids (TDS) in Lake Andes must be found.

The potential for non-consumed irrigation water to raise the water table and encroach on the root zones of the crops has been recognized by project sponsors, who propose to set up a sinking fund to construct drainage facilities as required. If most of the drainage facilities are required earlier than anticipated, the sinking fund will not have grown much and farmers will be faced with unforeseen charges.

The Bureau proposes to irrigate first and monitor the return flows later. Water quality information in the area is very limited. In light of the severe losses to wildfowl at the Kesterson Wildlife Refuge resulting from selenium in drain water and similar problems at a dozen other projects, we find that the Bureau's approach to water quality is risky.

The proposed mitigation for the project-induced losses is minimal. The loss of 650 acres of wetlands would be "mitigated" by providing water supply to Owens Bay and Red Lake, and by purchasing 365 acres of existing wetlands. Only 2,180 acres out of the 4,290 acres of grassland lost from the project will be replaced.

Conditions for Possible Authorization

The Federation believes this project should not be authorized for construction at this time. If and when Congress does decide to authorize the project, it should impose conditions similar to those included in the Garrison Diversion Reformulation Act. We recommend at least the following:

o Full-cost repayment for water delivered to grow crops declared in surplus for that year by the Secretary of Agriculture;

o A solution for the water quality effects of drainage acceptable to the Environmental Protection Agency, the U.S. Fish and Wildlife Service, the South Dakota Department of Game, Fish, and Parks, and the Yankton Sioux Tribe;

o The indexing of appropriations authorized for the project, as may be required by engineering cost indexes, shall be applied only to

the costs of remaining construction, not for the costs of competed portions.

o Mitigation should be on an acre-for-acre basis.

o Annual amortization of any costs, over the ability-to-pay determination, to be repaid by power revenues.

o Repayment contracts must be accepted and signed before construction commences.

o Eliminate the proposed two-year repayment-free "development period."

Lyman-Jones Rural Water Development Project

The Lyman-Jones project, as envisioned in S. 1416, would deliver water from the Oahe Reservoir to as many as 16,000 persons and their livestock in sparsely-settled central South Dakota and the Pine Ridge Indian Reservation. The project is expected to cost $100 million, with at least $75 million to be subsidized by the Federal government.

The National Wildlife Federation supports the authorization of the Lyman-Jones rural water development project if the following safeguards are incorporated in the authorizing statute.

o The Bureau of Reclamation and the project sponsors prepare and submit a final feasibility study/Environmental Impact Statement. This document should lie before the Congress for at leaast 90 days prior to the initiation of land acquisition or construction. No Feasibility Report or EIS has been prepared.

o The project sponsors agree to adopt and implement a strong water conservation program.

o The terms of repayment of at least 25% of the cost (in real, not nominal terms) by non-Federal interests are clarified in the authorizing legislation.

Congress should take steps to close the Pick-Sloan ledger in South Dakota.

South Dakota claims the Federal government has not fulfilled its commitments to construct several water resources projects as compensation for the loss of valuable bottomlands flooded by the reservoir behind Oahe Dam. The Planning Report/EIS for the Lake Andes-Wagner Unit overstates the losses from the four impoundments on the Missouri River in South Dakota. The Report claims South Dakota lost 509,000 acres to the mainstem reservoirs, including 138,000 acres of fertile bottom croplands (p. 4). Both the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service (p. A-44) state, however, that 340,000 acres were inundated in South Dakota, of which only 39,000 acres were cropland.

The National Wildlife Federation suggests the Committee prepare an accounting of the Federal water resources development debits and credits in South Dakota. Our examination of the balance sheet indicates that South Dakota has received many credits that frequently are overlooked by the State. In fact, the Pick-Sloan Program provides large benefits to residents of the state and will continue to do so.

Ongoing benefits of Pick-Sloan Program to South Dakota

o According to the Western Area Power Administration, South Dakota customers pay only $15 million per year for approximately 1.8 billion kilowatt hours of highly-subsidized Pick-Sloan electric power. This amount of power is currently worth over $45 million.

o Over 8 million visitor days of recreation activity take place each year on the four Missouri River reservoirs in South Dakota. Some of the best walleye fishing in the nation is available on these reservoirs.

o Three non-Federal irrigation projects, Belle Fourche, Grass Rope, and Hilltop-Gray Goose have been integrated into the Pick-Sloan Program at a cost to the Federal taxpayers of over one hundred million dollars.

o The highly-subsidized WEB rural water development project is under construction.

o Congress has authorized the Gregory County Pumped Storage Hydroelectric Project (Corps of Engineers), irrigation facilities associated with the Gregory County Project (Bureau of Reclamation), and the James River Flood Control Project (Corps of Engineers).

Recommendations to Close the Pick-Sloan Account in South Dakota

There are few, if any, Federal water resources projects with net economic and environmental benefits remaining unbuilt in South Dakota. The Federation urges Congress to recognize this reality and to close the books by taking the following actions:

o Deauthorize all unbuilt water resources projects in South Dakota authorized by the Flood Control Act of 1944 for the Missouri River Basin Program, including the Oahe Unit;

o Deauthorize further study of the CENDAK Unit;

o Clarify the terms of repayment for the WEB rural water supply project;

o Condition the construction of new features authorized by this Act upon the State's approval of mitigation measures for the Oahe Dam and Reservoir;

o Authorize and fund a South Dakota Wetlands Trust similar to that created as part of the Garrison Diversion Reformulation Act; and

o Authorize the 154 mile segment of the James River in Brown and Spink Counties, previously included in the Nationwide Rivers Inventory, for study as a possible addition to the National Wild and Scenic River system.

After the ledger has been closed on the Pick-Sloan account in the state, Federal water resources plans in South Dakota can be

judged on their individual merits and not on the basis of repaying what is perceived as an historic, but unquantified political debt.

Senator CONRAD. All right.

Anything that you would want to add at this point to your written statement, which is very complete, I think, in terms of your position that your organization is taking?

Mr. CAMPBELL. I guess personally, if the Lake Andes-Wagner irrigation district and the state were to take on the drainage problems, they should probably begin assessing themselves, oh, say a dollar an acre-foot of water from the beginning and hire one or two people to monitor both the irrigation and the drainage portion.

This is done in the rich districts in California, where some of the irrigation water is applied with computers even. But we believe that early management and early monitoring of an irrigation system will reduce the chances for problems later and also lead to their early resolution.

Senator CONRAD. Let me ask this question. If I were to summarize your testimony, it is that the organization gives conditional support for the Lyman-Jones rural water development project. You have outlined the conditions. You feel that the Lake Andes-Wagner unit would be bad public policy, based on——

Mr. CAMPBELL. At this time, at this time.

Senator CONRAD. At this time, based on an analysis of the cost-benefit, environmental concerns. Is it your position or is it the organization's position that there was fair compensation at the time of the development of this underlying project and/or that subsequent benefits fully compensate the area for what they gave up?

Mr. CAMPBELL. Well, we believe that the book should be opened and placed down, and so many acres, so much money compensated, and include I think some of the social costs.

Senator CONRAD. How do you put a cost on what happened to the Archambeau family? What kind of number do we put on what happened to the tribe, which was fully functioning, most of its members engaged in agriculture, and now with the taking of the bottom lands which were uniquely suited to a lifestyle, way of life, that is gone?

How do you analyze that from an economic standpoint? Have you got some hints? How do we put a number to those kinds of things?

Mr. CAMPBELL. Not at this time. Within the two weeks, I could probably send over a general article or two that I have read recently, that I could submit.

Senator CONRAD. I would be very interested. I see it in my state as well. I hear what you are saying. If I were to sit down and do the kind of analysis that is often done, I might come to the same conclusion.

And yet, when I go out among people I represent and really listen to what has happened to their way of life, it is absolutely staggering in my state, and I assume pretty much the same in South Dakota, in terms of the disruption that was caused in the lives of people.

And frankly, there was a promise made. I know with respect to my state there was a very clear promise made: We are going to give up certain things, and in return we are going to get certain things.

Now, what we were going to get has never materialized, not even close. And I understand the economic analysis that is done in the light of current circumstances, which might change.

But it is deeply troubling that this federal government over and over makes a deal in good faith and then subsequent events override the deal that was made. You know, you look at these Indian people. You talk about people that have been given to believe certain things were going to happen and then the promises just did not mean anything.

Here we hear 85 percent unemployment, 85 percent. Now, I know, and I know that you know, what that means in the lives of people. We know that when you have that kind of unemployment, divorce rates skyrocket, abuse skyrockets of alcohol, substance abuse, child abuse.

And those are very difficult things to put an economic number on, you know, that that has a value of $50 million or $100 million. Somehow, societally it would seem we have got an obligation here which we have freely entered into, and now the circumstances have changed somewhat and they are left holding the bag and we kind of walk away from the commitment we made and say: Well, that is tough, you know, things changed.

What was the recommendation that was given? You folks, you ought to move or you ought to haul your water.

What is your reaction to that sort of presentation coming from the other side of it? What is your reaction to that argument?

Mr. CAMPBELL. I guess it is the person who is out in their $10,000 boat on one of these visitor days is not the same person who probably lost their livelihood by the inundation of the lands.

But it does not necessarily mean that——

Senator CONRAD. Well, wait a minute. That I have trouble with. If I entered into a deal, if I entered into a deal with Tobin here, and that deal was the purchase of some asset that he might have, and that deal was also something that was an obligation of his son, for example, and I agreed to buy property for $100,000 in 20 years from now, and I put good faith money down today, and I come back later on and all of a sudden the property is worth $1 million, his son says to me, forget it, I would have a cause of action.

Mr. CAMPBELL. Right.

Senator CONRAD. So I am troubled if I hear what you are saying is, well, these were their parents that the deal was made with and now they are no longer around, so tough.

Mr. CAMPBELL. I am not saying so tough. I am just saying if we did the ledger, we may find that on balance South Dakota is better off, but that some people—

Senator CONRAD. Better off than what?

Mr. CAMPBELL. Than they would be without the four mainstem dams.

Senator CONRAD. But that was not the deal. Is there not some question about people enter into a deal, that it means something, or not any more?

Mr. CAMPBELL. I am not the federal government.

Senator CONRAD. We are, though, and you are telling us because it is no longer such a good deal from our perspective, that we should just analyze how good a deal it is any more. And if it is not

such a good deal, we walk away, even though we made a commitment.

I mean, do you find that troubling?

Mr. CAMPBELL. Yes, I do. I just do not know whether water resource development projects are the best way to repay that debt. It may be a bad way. It may be handling somebody an Edsel instead of a 1986 Oldsmobile or something.

Senator CONRAD. A lot of those Edsels are still running, you know.

Mr. CAMPBELL. If in order to provide somebody with $500, you have to spend $3,000, it may not be the best way to repay that debt.

Senator CONRAD. I hear what you are saying and that is not an unreasonable position. I just think somehow we have got a situation that is deeply troubling to me. You make a commitment to people.

Over and over, these Indian tribes, my goodness. You look at, you know, over and over, a deal was made by the federal government with the tribal members, Indian tribes that reside in this area. You just come along here, you just deed this over to us, and then we are going to take care of you.

And we enter into a treaty, an agreement, commitments are made. And then down the line it is no longer in our economic interest by making a rational analysis. It is no longer in our interest to keep the deal and we tell them. You know what, tough luck, you lose.

I have a hard time with that. I have a very hard time. I think you do. I can see that you are somebody that is sensitive to commitments, and the federal government has a real problem here, a real problem keeping its word.

We have already gone on too long. I want to thank you very much for your appearance here today.

I want to announce that the hearing record will remain open for two weeks for the submission of any statements or other material. Other members may have questions which will be submitted for a written response.

I want to thank all of those who have come here today to testify. I think you have all done an excellent job and we appreciate very much the effort that you have extended.

With that, this hearing will be closed.

[Whereupon, at 5:15 p.m., the hearing was adjourned.]

[The following was submitted for the record:]

TESTIMONY

ON BEHALF OF

THE LAKE ANDES-WAGNER/MARTY II AND LYMAN-JONES PROJECTS

TO

U.S. SENATE SUBCOMMITTEE ON WATER AND POWER

BY

J.C. ENGELMEYER, CHAIRMAN
PLANNING AND DEVELOPMENT DISTRICT III

SUBMITTED TO:

MR. RUSS BROWN, STAFF DIRECTOR

COMMITTEE ON ENERGY AND NATURAL RESOURCES
DIRKSON OFFICE BUILDING
WASHINGTON, DC 20510

TESTIMONY

LAKE ANDES-WAGNER/MARTY II AND LYMAN-JONES PROJECTS

CHAIRMAN BRADLEY AND MEMBERS OF THE SENATE SUBCOMMITTEE ON WATER AND POWER, MY NAME IS JOE ENGELMEYER. I AM A GREGORY COUNTY COMMISSIONER AND CHAIRMAN OF THE PLANNING AND DEVELOPMENT DISTRICT III COMMITTEE. DISTRICT III IS AN ECONOMIC DEVELOPMENT DISTRICT THAT SERVES 13 COUNTIES IN SOUTHEASTERN SOUTH DAKOTA. MY REGION HAS EXPERIENCED A DRAMATIC ECONOMIC DECLINE OVER THE PAST DECADE. THE LAKE ANDES-WAGNER AND LYMAN-JONES PROJECTS WILL HAVE A POSITIVE IMPACT ON THEIR IMMEDIATE SERVICE AREAS AND THROUGHOUT THIS PART OF SOUTH DAKOTA.

THE MAJORITY OF COUNTIES WITHIN DISTRICT III HAVE PER CAPITA INCOMES WHICH ARE 80 PERCENT OR LESS OF THE NATIONAL LEVEL. IN CHARLES MIX COUNTY, THE PER CAPITA INCOME LEVEL IS 69.4 PERCENT OF THE U.S. FIGURE. POVERTY LEVELS WITHIN LYMAN AND CHARLES MIX COUNTIES EXCEED 28 PERCENT. IN COMPARISON, THE SOUTH DAKOTA FIGURE IS 16.9 PERCENT AND THE NATIONAL LEVEL IS 12.4 PERCENT.

THE OUTMIGRATION RATES IN LYMAN AND CHARLES MIX COUNTIES ARE TWO AND ONE-HALF TIMES THE STATE FIGURE. BETWEEN 1980 AND 1985 OVER FIVE PERCENT OF THE POPULATION IN EACH COUNTY LEFT. A LARGE PERCENTAGE OF THE PEOPLE LEAVING ARE YOUNGER, WORKING AGE RESIDENTS. WITHOUT ECONOMIC OPPORTUNITIES AND SAFE DRINKING WATER, YOUNG PEOPLE WILL CONTINUE TO LEAVE THE REGION.

AS YOU MAY BE AWARE, LYMAN COUNTY HAS SOME OF THE WORST GROUND WATER IN SOUTH DAKOTA. OF THE 13 COUNTIES WITHIN DISTRICT III, ALL BUT THREE ARE SERVED BY RURAL WATER SYSTEMS. THE SUCCESS OF THESE

SYSTEMS IS EVIDENCED BY THEIR CONSTANTLY EXPANDING MEMBERSHIP. RESIDENTS THAT WERE APPREHENSIVE ABOUT THE COST OF RURAL WATER, WOULD NOW FIGHT TO KEEP IT. THE ECONOMIC, HEALTH, AND QUALITY OF LIFE BENEFITS FROM RURAL WATER SYSTEMS CANNOT BE OVERSTATED.

THE ECONOMIC FUTURE OF MY AREA IS TIED TO AGRICULTURE. THE ESTABLISHMENT OF AGRICULTURAL PROCESSING FACILITIES IS DEPENDENT UPON A GUARANTEED SUPPLY OF RAW MATERIALS. THE LAKE ANDES-WAGNER IRRIGATION PROJECT WILL HELP TO ENSURE THE AVAILABILITY OF FEED GRAINS FOR LIVESTOCK. IT WILL ALSO PERMIT THE DEVELOPMENT OF SPECIALITY CROPS.

IN CONCLUSION, I WOULD LIKE TO EMPHASIZE THAT OUR DEVELOPMENT OPTIONS IN SOUTHEASTERN SOUTH DAKOTA ARE LIMITED. YOUR HELP WILL ENABLE US TO UTILIZE OUR ONE GREAT RESOURCE, MISSOURI RIVER WATER, TO MEET BASIC DOMESTIC NEEDS AND EXPAND OUR ECONOMIC OPPORTUNITIES.

THANK YOU.

South Dakota
Water Congress

P O Box 85102 • Sioux Falls, SD 57118-5102 • (605) 334-8744

December 4, 1987

Senator Bill Bradley
United States Senate
731 Hart Building
Washington, D.C. 20510

Dear Senator Bradley:

On December 15th, you will be hearing testimony on the Lake Andes-Wagner/Marty II water project. The South Dakota Water Congress supports this project, and we are submitting this letter to encourage you to do so as well.

The Water Congress is a broad-based, dues supported organization, whose members include the SD Industry and Commerce Association, the SD Municipal League, the Associated General Contractors of SD, the SD Rural Electric Association, the SD Rural Water Systems, the SD Irrigators Association, the SD Fertilizer and Ag Chemical Association, the United Sioux Tribes, and the SD Retailers Association. Businesses, chambers of commerce, financial institutions, and individuals are also members of the Water Congress. We are recognized state-wide as the citizens' voice on water issues.

We endorsed Lake Andes-Wagner/Marty II several years ago after completion of a thorough study of the project. Our process also provides for an annual review of the projects to determine if endorsement should be continued.

The goal of the South Dakota Water Congress is to improve the quality of life for South Dakotans by working for an adequate, safe water supply for our people. This project would do just that for those who live in the Lake Andes-Wagner area, both on and off the tribal lands.

Please help us make this project a reality.

Sincerely,

Karen Pearson

Karen Pearson
Executive Director

c: Marc L. Goldhammer, Manager
Lake Andes-Wagner Water Systems, Inc.

Edgar Magera, President
South Dakota Water Congress

KP/tjh